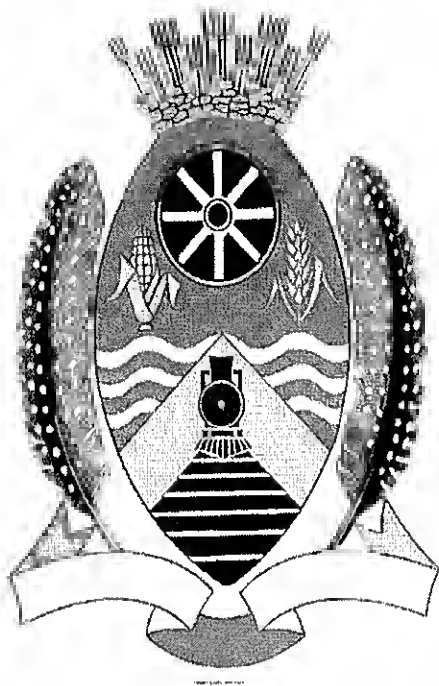


RATLOU LOCAL MUNICIPALITY



DRAFT ANNUAL REPORT 2012/13

Bale 30/01/2014

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CHAPTER 1: INTRODUCTION AND OVERVIEW OF THE MUNICIPALITY

COMPONENT A

1.1.1 MAYOR'S FOREWORD

Cllr Victor Mance

 30/01/2014

COMPONENT B: EXECUTIVE SUMMARY


1.1.2 Municipal Manager's Statement

The Annual Report was tabled by the Mayor in line with Section 46 of the Municipal Systems Act, 32 (MSA) and Section 121 of the Municipal Finance Management Act, 56 of 2003 (MFMA) as a draft. These Acts promote financial and performance reporting in an integrated annual report. The Draft Annual Report will be taken for public participation by the Municipal Public Accounts Committee (MPAC) to report to the stakeholders and obtain their input before it is finalised by end of March 2014.

The Annual Report consists of the following:

- Chapter 1** - The introduction covers: The Mayor's Foreword and Municipal Manager's statement. It also provides information on municipal functions; population and environmental overview.
- Chapter 2-5** - Deals with governance issues covering political and administrative structures of the municipality. These cover the performance highlights per each key performance area of local government as undertaken by various structures and departments of Council.
- Chapter 6** - Presents the Audit Report as released by the Office of the Auditor-General for period ending 30 June 2013.
- Chapter 7** - The audited financial statements for the period ending 30 June 2012 for Ratlou Local Municipality are submitted.
- Chapter 8** - Action Plans to address Audit Report Issues are presented
- Chapter 9** - Covers the area of local economic development for the period.
- Chapter 10** - Captures the Oversight Report on the Annual Report as a product of stakeholders' MPAC consultation and investigative processes.

Glen Lekomanyane
Municipal Manager



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1.2 Municipal Functions, Population and Environmental Overview

1.2.1 Geographic Profile

Ratlou Local Municipality is a category B municipality situated in the Ngaka Modiri Molema District Municipality in the North West Province. The municipality is predominantly rural in nature, constituted by about 26 villages and agriculture forms the dominant economic activity. The size of municipal area is 14, 618 km² with a population density of 24.37 per square kilometer and is divided into 14 wards. According to the Global Insight Regional Explorer, there were about 112 103 people residing in Ratlou local Municipality.

The following are some of the main villages making up the municipality:

Setlagole
Madibogo
kraalpan
Madibogopan
Disaneng
Mareetsane
Makgobistat
Tshidillamolo
Logageng

The municipality is accessible from all points of the country through national roads, and from the north of the continent through the Makgobistat border post.

Owing to its nature as a rural municipality, Ratlou does not have large economic centres within its jurisdiction. Most government services are conducted from various centres located mainly in Setlagole. The main economic activity also takes place at Setlagole Shopping Complex, a property owned by Ratlou Local Municipality.

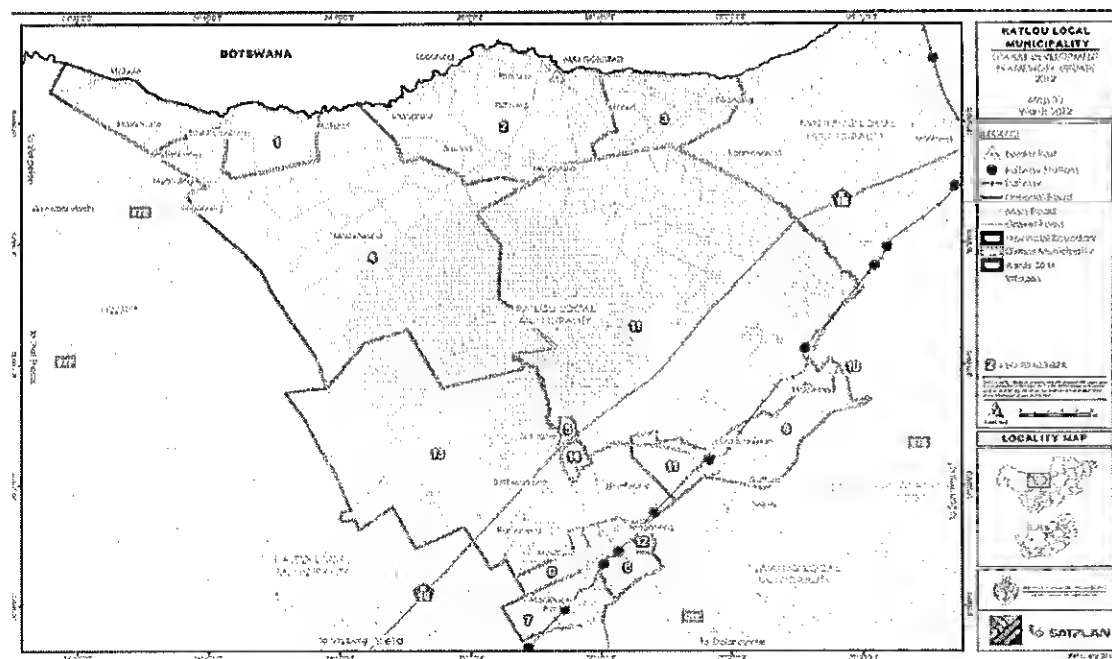


Figure 1: Map of Ratlou Local Municipality

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Table 1: Source:-2001 National Census

| Statistical Information | Total |
|---|-------------------------|
| Geography: | 14, 618 km ² |
| Geographical area in square kilometres | |
| Note: (Global Insight Regional Explorer) | |
| Demography: | 112 569 |
| Total population | |
| Note (Global Insight Regional Explorer) | |
| Indigent Households | 11 073 |
| Note: (Source: 2001 National Census) | |
| Total number of voters | 46574 |
| Aged breakdown: | |
| - 60 years and over | 10,872.00 |
| - between 15 and 59 years | 61,467.00 |
| - 14 years and under | 40,230.00 |
| Note: (Source: 2001 National Census) | |
| Monthly Household income: | |
| Between 0 - 12000 | 3624 |
| Between 12000 - 42 000 | 13,125 |
| Between 42 000 - 96 000 | |
| Between 96 000 - 360 000 | 2,139 |
| Between 360 000 - 2400000 | 285 |
| 2400000 | 3 |
| Note: Indicate source of information (Source: 2001 National Census) | |


1.2.2 Demographic Profile

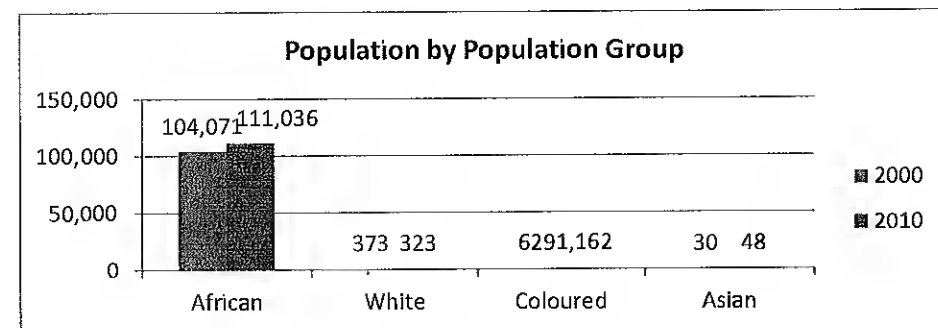
The apartheid system including the distribution of socio-economic opportunities and amenities in South Africa was based on race. It is on the basis of this consideration that the study wanted to examine the population or racial group distribution of the people in the RLM.

The population statistics show a marginal population increase of 7 466 from 105 103 in the year 2000 to 112 103 in 2010. As can be seen from the statistics, a vast majority of the people in the municipality are Africans.

There is an increase of a number of people who have acquired informal, formal and very formal dwellings in a 10 year period. 847 households acquired informal dwellings, 3 617 formal dwellings and 112 very formal dwellings. An accelerated housing infrastructure programme would assist in eliminating households in informal, traditional and other dwelling types.

The distribution of population by race in the municipality is depicted in the table 2 below:

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The table above show that the majority (over 90%) of the people in the RLM are Africans , followed by coloureds and whites. The proportion of Asians is very insignificant.

Figure 2: Number of people per population group (Source: global Insight, 2011)

Table 1 below indicate the age distribution of the population of the municipality. 35.74% of the population is made up of children aged 14 and below, while 54.60% is made up of the ages of between 15-59, most of which are the economically active population. The rest of the population is made up of people age 60 and above.

| Age Group | Population | Percentage |
|-----------|------------|------------|
| 0-14 | 40,230.00 | 35.74% |
| 15-59 | 61,467.00 | 54.60% |
| 60+ | 10,872.00 | 9.66% |
| Total | 112,569.00 | 100% |

Table 1: Age distribution of the population (Source: global Insight, 2011)

The population pyramid provides the gender differences in the age distribution of the population. It shows a slightly higher female population in almost all age groups

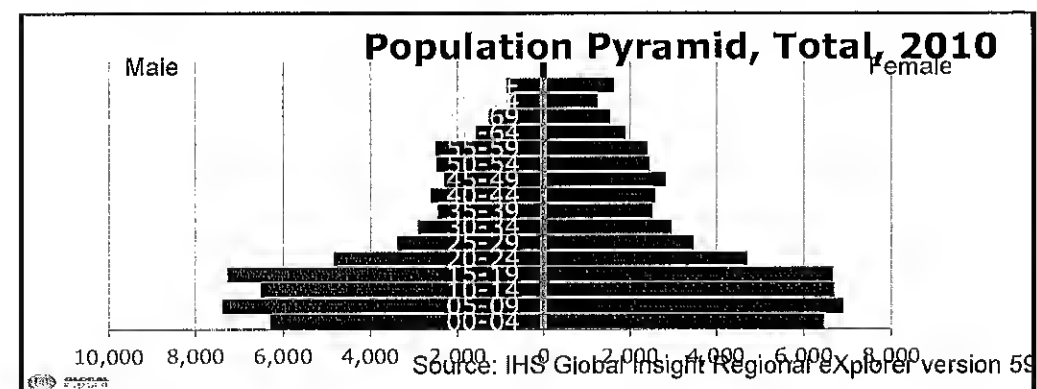


Figure 3: Population Pyramid (Source: Global Insight 2011)

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• HIV/AIDS Profile

Figure 3, reflecting the HIV/AIDS Profile shows a stabilization of HIV infections between 2008 too 2010 at around 12 000 in the blue legend of the graph but a continued increase in the development of full blown AIDS of between 500 and 550 individuals in the same period as shown by the orange legend of the graph. A test and treatment campaign could help reverse the development of full blown AIDS of infected individuals whilst a continued, sustained prevention programme could maintain and even reduce new infections as reflected in the blue legend of the graph.

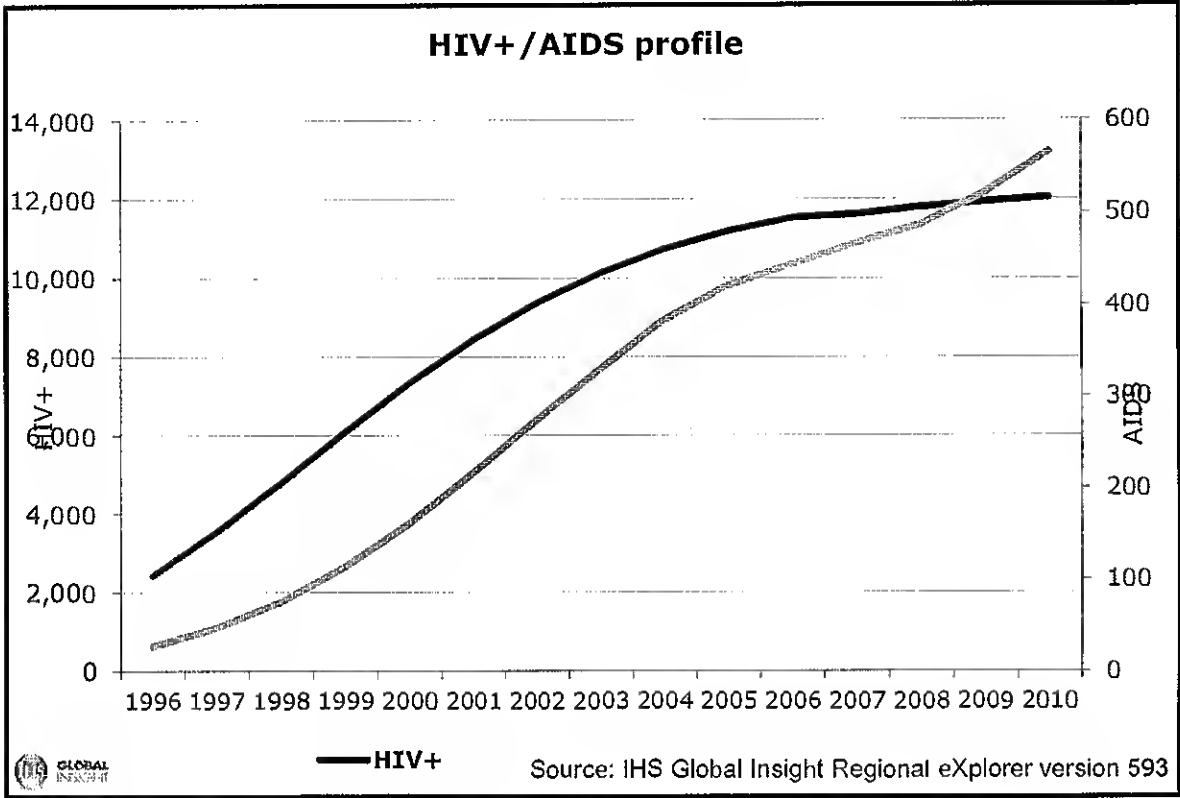


Figure 4: HIV/AIDS Profile (Source: Global Insight 2011)

1.2.3 Household Profile

Figure 7 shows a marked increase of a number of people who have aquired informal, formal and very formal dwellings in a 10 year period. 847 households aquired informal dwellings, 3 617 formal dwellings and 112 very formal dwellings. An accelerated housing Infrastructure programme would assist in eliminating households in informal, traditional and other dwelling types.

| Ratlou Local Municipality | Formal | | Informal | | Very formal | | Traditional | | Other Dwelling type | |
|----------------------------------|--------|------|----------|------|-------------|------|-------------|------|---------------------|------|
| | 2000 | 2010 | 2000 | 2010 | 2000 | 2010 | 2000 | 2010 | 2000 | 2010 |
| NW381: Ratlou Local Municipality | 18 935 | 22 | 692 | 1539 | 68 | 180 | 264 | 614 | 264 | 19 |

Table 3 Types of Dwellings (Source: Global Insight 2011)

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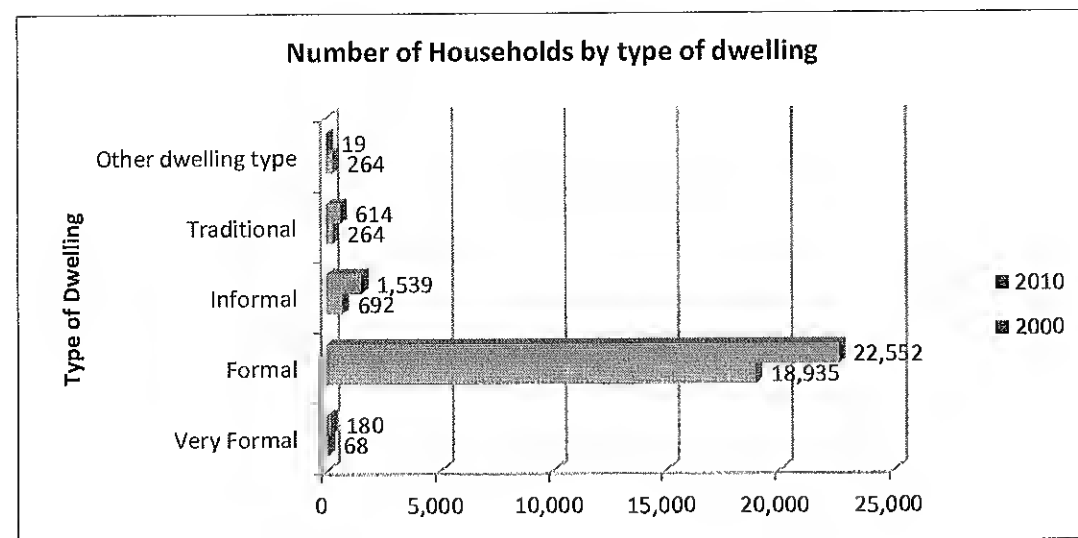


Figure 7: Number of Households by type of dwelling (Source: Global Insight 2011)

1.2.4 Education Profile

Education

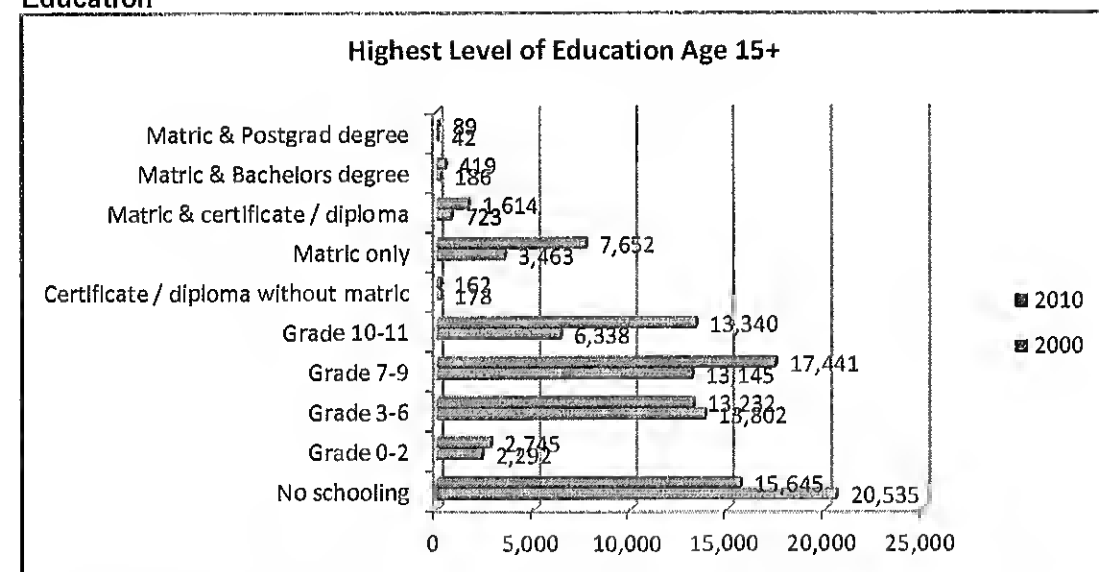


Figure 5: highest Level of Education of people aged 15+ (source: Global Insight, 2011)

Figure 6 above indicates that there has been a general improvement in the education level of the people of Ratlou Local municipality. Notably, the number of learners who passed matric have increased from 3 463 to 7 652 learners in a 10 year period. This has translated in learners who acquired post matric qualifications from 228 to 508 in 2010. The figure also shows a healthy growth of learners who stay in school from primary to secondary level. More importantly perhaps is the approximately 5000 learners difference of those who have had some schooling as opposed to those who have had no schooling at all. This of course shows an overall improved literacy levels as shown in Table 2 below. Education and literacy levels could further be dramatically reduced in further increasing the number of children to start school when they should.

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- Literacy Levels

| Population Group | 2000 | 2011 |
|------------------|-------|-------|
| African | 33.2% | 37.8% |
| White | 90.8% | 89.4% |
| Coloured | 28.4% | 29.2% |
| Asian | 88.9% | 90.8% |

Table 2: Literacy Levels (Source: Global Insight 2011)

1.2.5 Socio-Economic Profile

Figure 15 shows that the number of economically active population have increased from 14 554 to 16 881 people over a 10 year period. The figure also shows more males than females constitute a slight majority of this population.

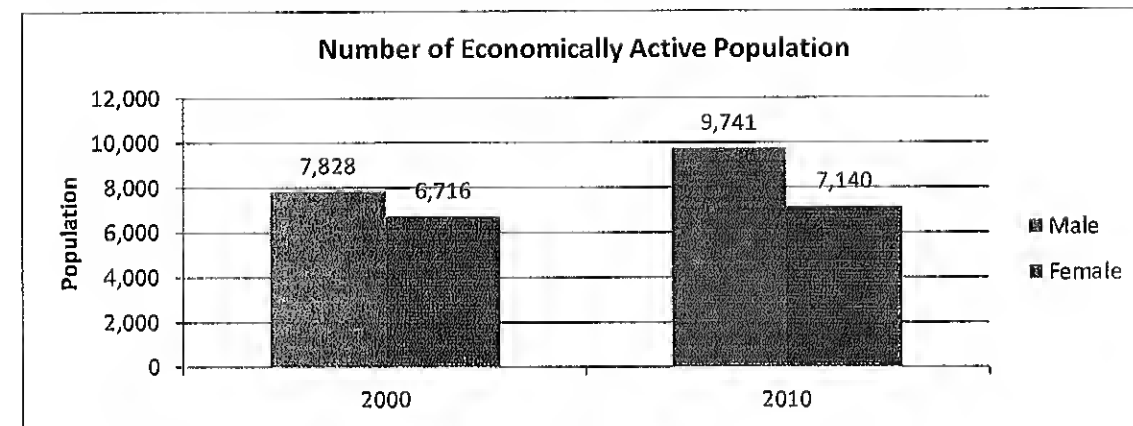


Figure 15: Number of Economically Active Population (Source: Global Insight 2011)

Number of Unemployed People

Figure 16 shows that out of the number of economically active people reflected in the figure 15 above as 16 881, 7929 of this area were unemployed in 2010, the overwhelming majority of which are Africans. This means that at that period, only 8 952 of economically active people were employed, suggesting a very high unemployment rate in the area.

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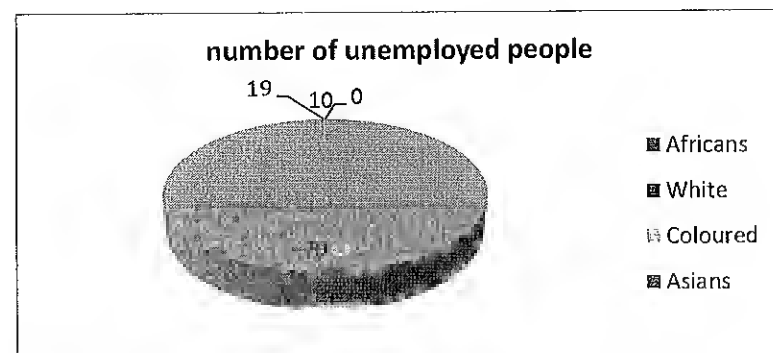


Figure 16: Number of unemployed people (Source: Global Insight 2011)

Figure 17 below confirms the unemployment rate described by the analysis in figures 15 and 16. It shows an unemployment rate of around 50% in 2010. This is consistent with the incidence of poverty described in figures 4 and 5 and low education and literacy levels described in figure 6.

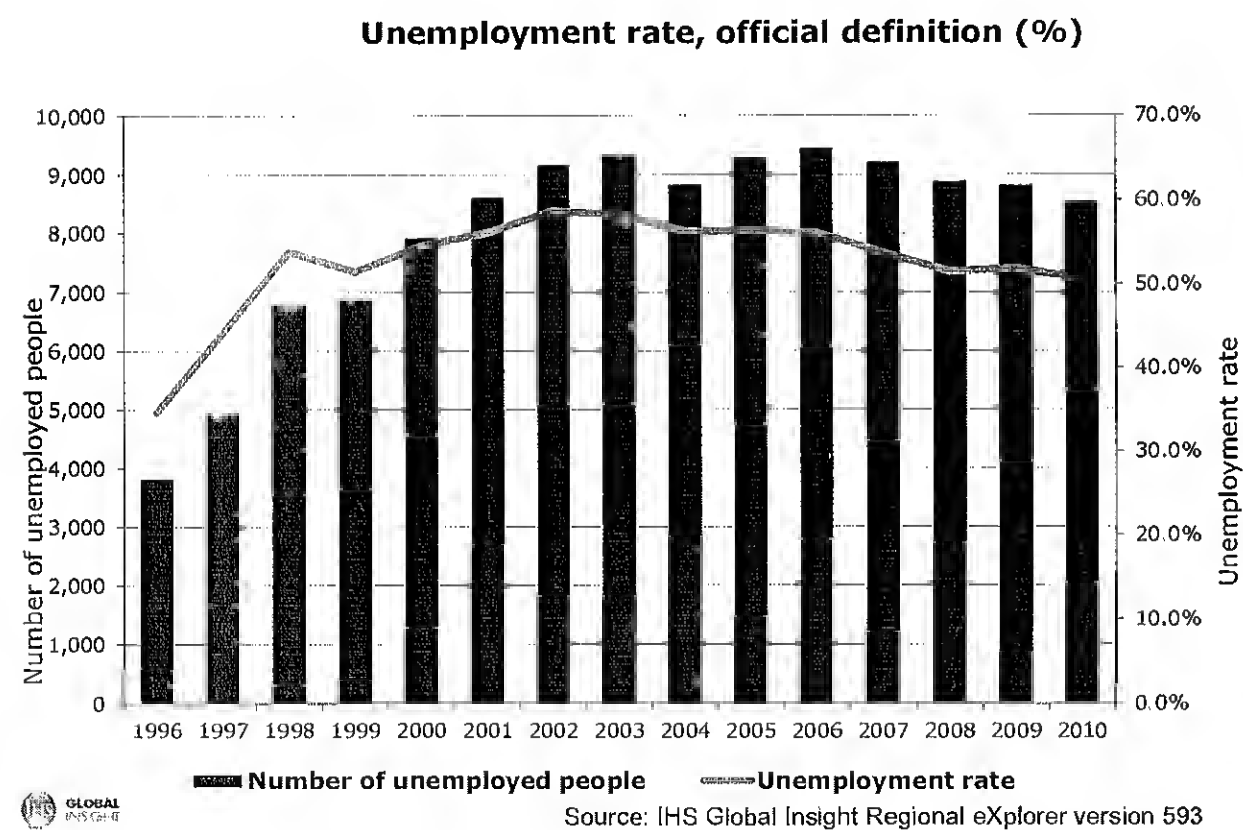


Figure 17: Unemployment rate, official definition (%) (Source: Global Insight 2011)

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▪ Employment

Figure 18 below shows the 10 sectors of formal and informal employment and a comparison of how many people were employed by each of these sectors in the year 2000 compared to 2010. Leading in these sectors is the community sector, which also shows significant growth, followed by the household sector, trade and agriculture. Mining, manufacturing, electricity, transport and finance play an insignificant or very limited role in the employment figure.

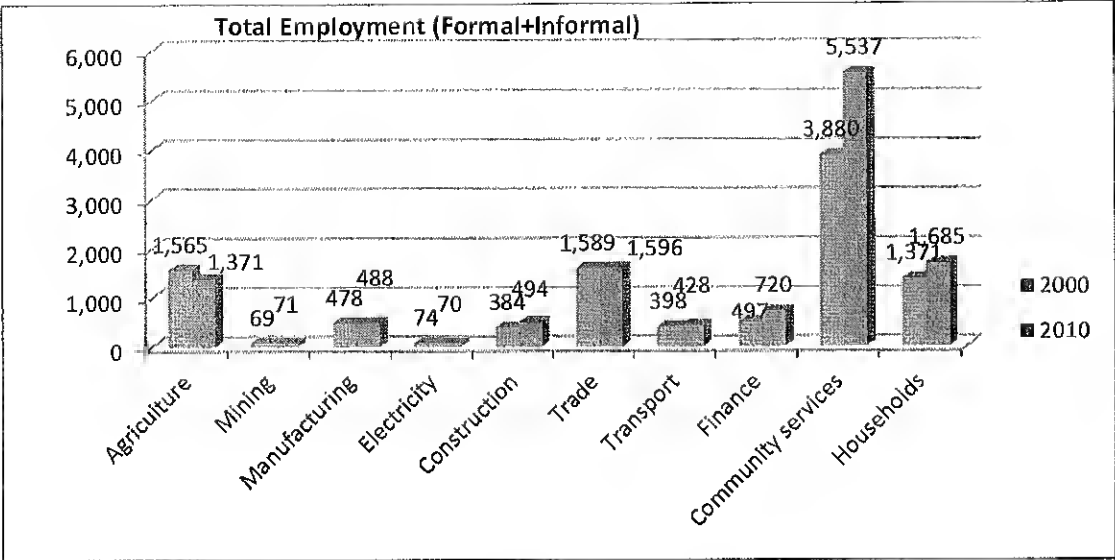


Figura 18: Total employment (formal and informal) (Source: Global Insight 2011)

▪ Formal Sector Employment

Figure 19 reflects the number of formally employed people in the same 10 sectors in figure 18. Figure 18 shows that 12 460 were employed (formal and informal) in 2010 whilst figure 19 reflects that of that number 10 924 were formally employed and 1536 informally employed.

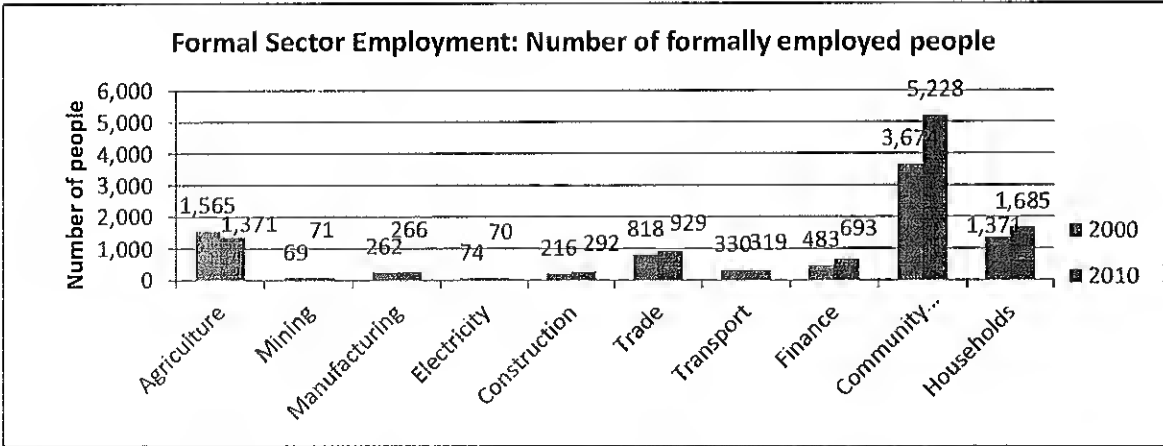


Figure 19: Formal sector employment (Source: Global Insight 2011)

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▪ **Tourism**

Figure 21 shows that tourism domestic growth was above 30% in 2002 to 2003, dropped to negative growth between 2005 and 2008 and has since grown to just above 20% in 2010. The figure also shows that despite low and negative growth between 2002 and 2006, international tourism showed a healthy and steady growth to match domestic growth at above 20% in 2010. Efforts to promote tourism are clearly bearing fruit but need to be accelerated to surpass early growth of above 30% experienced in 2003.



Figure 21: Growth in Tourism (Source: Global Insight 2011)

1.3. SERVICE DELIVERY OVERVIEW

1.3.1. SANITATION

Figure 8 below shows first, a decrease in a number of households without a toilet from 2 871 to 1 473, a decrease in households with a bucket system from 54 to 1 household, an increase in pit latrines from 14 030 to 19 523 households, a decrease in VIP toilets from 3 956 to 3 098 households and an increase in flush toilets from 375 to 808 households. This is an overall increase in unhygienic toilets from 16 955 to 20 996 households. A major focus should be given to households without a toilet and those with pit toilets to build new VIP toilets to reduce unhygienic toilets and protect underground water from contamination.

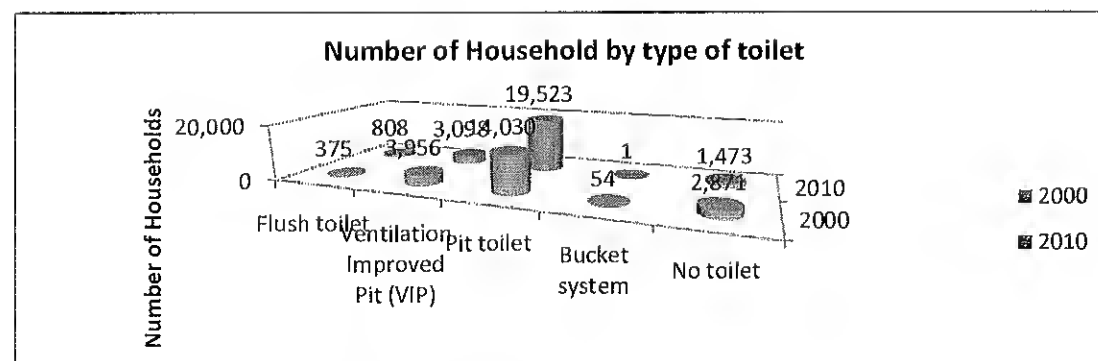


Figure 8: Number of Households by Type of Toilet (Source: Global Insight 2011)

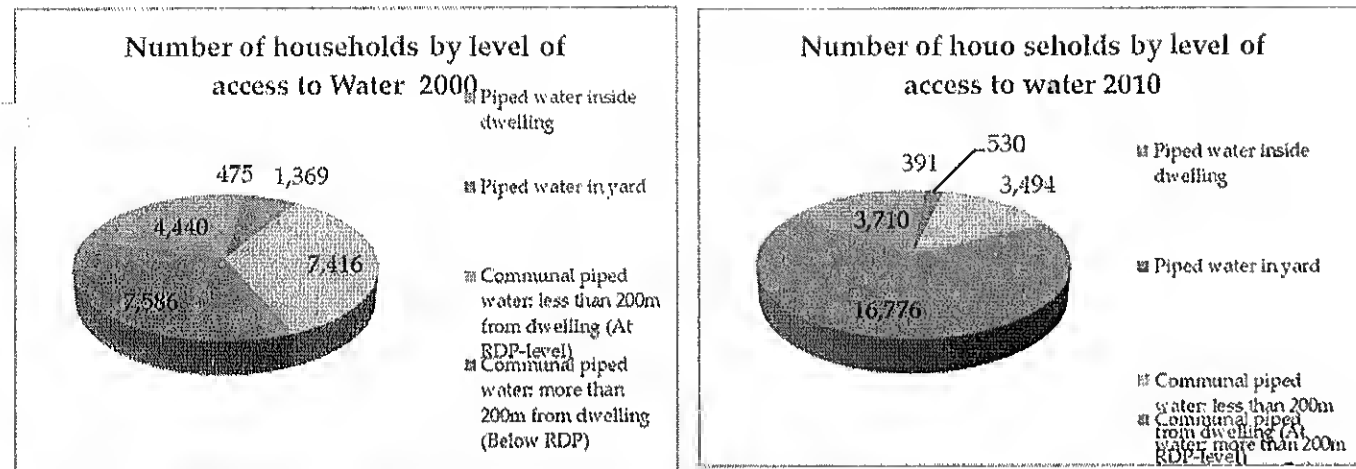
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1.3.2. WATER

Figure 9 below shows the following:

- 475 households that had no access to piped water have been completely eliminated;
- The number of households with access to communal piped water more than 200m from dwelling (Below RDP Standard) increased from 7 586 in 2000 to 16 776 in 2010;
- The number of households with access to communal piped water less than 200m from dwelling (RDP Standard) decreased from 7 416 to 3 494;
- The number of households with access to piped water in the yard decreased from 1 369 to 530;
- The number of households with access to piped water inside dwelling decreased from 4 440 to 3 710.
- Overall, it shows the number of households with access to water below RDP standard increased from 12

▪ Figure 9: Number



%of Households by level of access to water (Source: Global Insight 2011)

| Water Source | 2001 % | 2007 % |
|---------------------------|--------|--------|
| Dwelling | 1 | 1 |
| Inside Yard | 6 | 1 |
| Community Stand | 25 | 53 |
| Community stand over 200m | 35 | 32 |
| Borehole | 19 | 7 |
| Spring | 1 | 1 |
| Rain Tank | 1 | 1 |
| Dam/Pool/Stagnant Water | 1 | 1 |
| River/Stream | 3 | 1 |
| Water Vendor | 2 | 1 |
| Other | 6 | 1 |
| Total | 100 | 100 |

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Table 9 above reveals that the main source of water supply is community stands including those which are over 200m away from the dwelling.

In general, access to piped water has increased tremendously. However, attention has to be paid to the distance travelled to access water as it remains a challenge.

1.3.3. ENERGY

Figure 11 below shows the following:

- There is a decrease in a number of households of 2431 from 7 600 in 2000 to 5169 in 2010 without access to electricity;
- There is a significant increase of 6 124 households from 5633 to 11 757 with access to electricity for lighting and other purposes;
- There is a slight decrease of 75 in a number of households, from 8 053 to 7 977 with access to electricity for lighting purposes only.

Focus should be given to households with no access to electricity as it is a basic service. Focus should also be given to upgrading infrastructure for households with access to electricity for lighting purposes only.

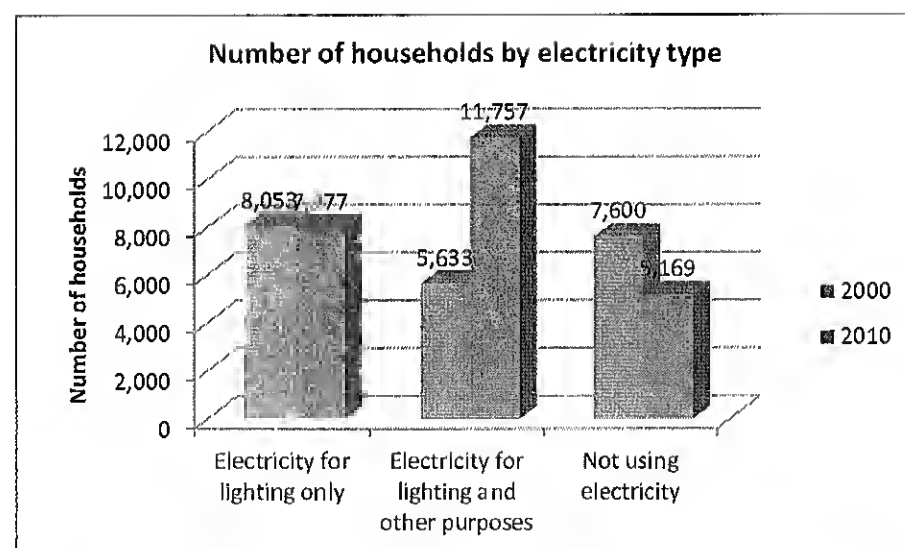


Figure 11: Percentage of Households by Electricity Type (Source: Global Insight 2011)

Figure 12 below confirms the statistics in figure 11 above, in that:

- Electricity household connections or infrastructure have significantly increased especially for households with access to electricity for lighting and other purposes.

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1.3.4. REFUSE REMOVAL

Figure 13 shows an almost same status quo with regards to refuse removal in the municipality:

- Personal refuse removal has increased over a ten year period;
- Community involvement in refuse removal has decreased almost to zero;
- Refuse removal by the municipality has almost been non-existent over the ten year period.

Focus should be given to safe and hygienic dump sites for households to dispose of their refuse. Focus should also be given to developing the capacity of the municipality to collect refuse as it is a basic service that is supposed to be performed by the municipality.

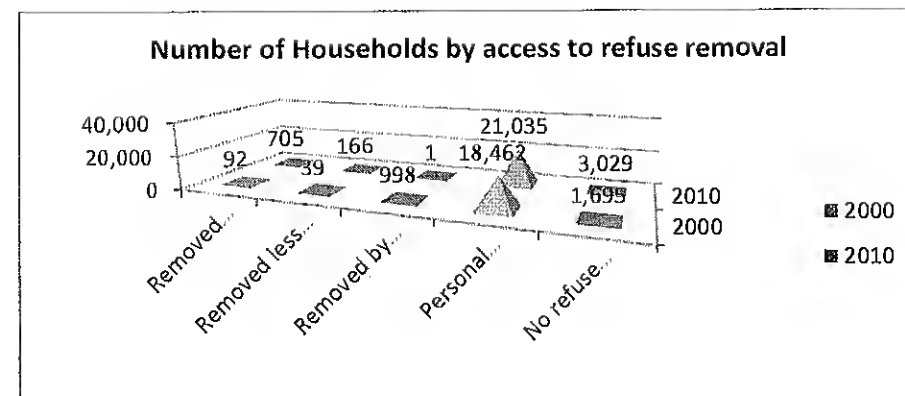


Figure 13: Number of households with access to refuse removal (Source: Global Insight 2011)

1.3.5. Roads

In terms of provision of roads, there is no scientific data on the matter. However it is known that the Municipality is at a very basic level when coming to these issues

1.4. Financial Health Overview

| Financial Overview: 2012/13 Year | | | | |
|--|-------------------|-------------|-----------------------------|--------|
| Details | Adjustment Budget | Actual | Variance Over/ (Underspent) | Varian |
| Income: | | | | |
| Grants | 103,231,000 | 89,104,298 | -14,126,702 | 14% |
| Property rates and rental | 3,200,000 | 3,894,456 | 694,456 | 21% |
| Interest earned | 1,250,000 | 4,337,736 | 3,087,736 | 247% |
| Other | 12,200,000 | 838,387 | -11,361,613 | -93% |
| Sub Total | 119,881,000 | 98,174,878 | -21,706,122 | -18% |
| Less: Expenditure | 71,151,839 | 85,156,129 | -12,764,085 | -18% |
| Gain / (loss) on sale of assets | - | -472,926.05 | - | 100% |
| Profit / (loss) on fair value adjustment | - | 670,018 | - | 100% |
| Dawn to net realisable value | - | -74,216 | - | 100% |
| Net Surplus / Deficit for the year | 48,729,161 | 13,141,575 | | |

There has been significant variances in Table 11 above a threshold of 10% between the budget and actual amounts for : various items. This variances are explained as follows

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Revenue items:

Rental interest earned

The budget is based on prior year results collection rate. Receipts for grants were received in full and sooner than expected. Inflation rate also contributed and also interest earned on overdue accounts

Government grants and subsidies

This is due to unspent grant that are not yet recognised as revenue

Other income

This is due to the rollovers from prior financial years which funded the adjustment budget This is due to the surpluses from prior financial years which funded the adjustment budget.

Expense items:

Depreciation and amortisation expense

We have under budgeted

Finance Costs

The municipality budgeted more because it had plans for borrowings which never materialised.



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Repairs and maintenance

The budget was mainly for district roll over which was implemented in February after the adoption of adjustment budget.

Grants and subsidies paid

Budgeted for as part of general expenses

1.5. Organisational Development Overview

The organisational structure was adopted and has been implemented through placement and recruitment of new staff.

1.6. Auditor General Report



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CHAPTER 2: GOVERNANCE

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

2.1. Political Governance

2.1.1. Municipal Council

MFMA section 52 (a) requires that the Mayor provide general political guidance over the fiscal and financial affairs of the municipality

The Council has 28 Councillors (14 Proportional Representation (PR) Councillors and 14 Ward Councillors). The Speaker is the Chairperson of Council.

The party-political representation of Councillors are reflected in the table below:

| Political Party | Number of Councillors | Gender distribution | |
|-----------------------------------|-----------------------|---------------------|-----------|
| | | MALE | FEMALE |
| African National Congress | 22 | 8 | 14 |
| Congress of the people | 2 | 1 | 1 |
| Democratic Alliance | 1 | 1 | 0 |
| United Christian Democratic Party | 3 | 2 | 1 |
| TOTAL | 28 | 12 | 16 |


Table 6: Party Political Representation (Source: www.elections.org.za, 2011)

The Municipality has 46,722 registered voters, of whom 55.83 % cast their vote in the May 2011 local government elections.

2.1.2. Political Leadership

Executive Committee

| Position | Incumbent | Function |
|---------------------|--|--|
| Mayor | Cllr P. V. Mance | <ul style="list-style-type: none">• Chairperson of the Executive Committee• Responsible for the political direction of the municipality• Accounts to council |
| Executive Committee | Same as chairpersons of the Portfolio Committees | <ul style="list-style-type: none">• Identify the needs of the municipality• Review and evaluate those needs in order of priority |

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| | | |
|---------|--------------------|---|
| | | <ul style="list-style-type: none"> • Recommends strategies, programme and services to address the needs |
| Speaker | Cllr M. R. Mongala | <ul style="list-style-type: none"> • Presides over Council meetings • Ensuring that Council meets quarterly • Must maintain order during meeting • Ensures adherence to council rules |

The Mayor is the chairperson of the Executive Committees which comprises of chairpersons of the five portfolios (section 79 Committees)

Section 79 committees are responsible for monitoring service delivery and they report to council. The portfolio committees are outlined in the table below:

| Portfolio Committee | Chairperson |
|---------------------|------------------------------------|
| Corporate Services | Cllr V Shomolekae |
| Community Services | Cllr M Khumalo |
| LED and Agriculture | Cllr M Bank |
| Technical Services | Cllr J Mongale / Cllr G A Matebele |
| Finance | Cllr P Mokgosi |

Standing committees (section 80) are permanent council committees which are responsible for holding council accountable in terms of its decisions and operations. The committees are chaired by councillors who are not members of the Executive Committee.

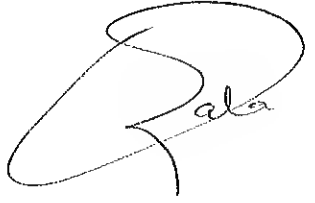
| Name | Functions |
|-------------------------------------|--|
| Rules Committee | <ul style="list-style-type: none"> • Develops and approves rules for the proceedings • Determines focus areas to capacitate Councillors • Allocates members to various committees |
| Municipal Public Accounts Committee | Provides political oversight over financial management, accounts and overall performance |

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2.1.3 Administrative Governance

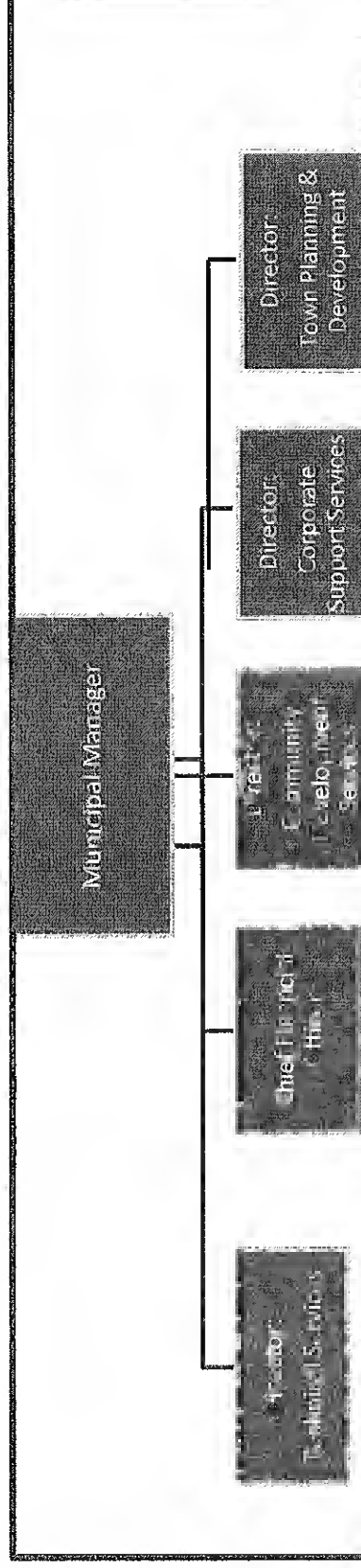
The Municipal Manager is responsible for the overall management of the municipality. The administrative wing of the municipality is made up of 6 departments, including the Office of the Municipal Manager. The departments and their functions are contained in the table below:

| Department | Office of the Municipal Manager | |
|------------|--|--|
| Functions | PMS, Information Technology, Internal Audit, Communication, Support to Office of the Speaker and Support to Office of the Mayor | |
| Department | Corporate Support Services | Budget and Treasury Office |
| Functions | <ul style="list-style-type: none"> • Human Resources Management, • Legal Services, Corporate Administration, • Council support services and • Fleet Management | <ul style="list-style-type: none"> • Revenue and Expenditure Services • Financial management and Budgetary Services • Supply Chain Management Services |
| Department | Community Development Services | Technical Services |
| Functions | <ul style="list-style-type: none"> • Land, Parks and Cemeteries, Libraries • Community Facilities • Environmental Health, Public Safety, • Waste Management and Disaster Management • Social Services | <ul style="list-style-type: none"> • Civil Engineering Services • Municipal Roads and Storm Water • Water Services Facilitation • Land Use Management • Electricity • Public Works |

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| Department | Town Planning and Development | |
|------------|--|--|
| Functions | <ul style="list-style-type: none"> • Integrated Development Planning • Local Economic Development • Agriculture & Tourism • Spatial Planning | |

Municipal Top Organizational Structure



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COMPONENT B: INTERGOVERNMENTAL RELATIONS

2.2. The Intergovernmental Relations Framework

The Constitution of the Republic of South Africa, 1996 reflects on the Government of the Republic as "constituted as national, provincial and local spheres of government, which are distinctive, inter-dependent and interrelated".

It thus establishes some principles of co-operative and inter-governmental relations which all spheres of government and all organs of state within each sphere must adhere.


This principle is further enjoined by the Intergovernmental Relations Act, which compels different organs of state to plan and execute plans together.

The importance of cooperation in the development and implementation of the IDP cannot be overemphasized.

In order to achieve this cooperation, Ratlou Local Municipality makes optimal use of the following IGR structures to achieve integrated planning:

| Name of IGR Structure | Composition | Function |
|---------------------------|--|---|
| Mayors Forum | Mayors, with municipal Managers providing technical support | Give political directives |
| Speakers Forum | Speakers of District and local municipalities | Champion public participation |
| Municipal Managers' Forum | Municipal Managers | Give advises to political structures and take administrative accountability |
| Technical Cluster Forums | Directors of departments and Directors of sector departments | Advises municipal managers on issues affecting their departments |
| IDP Forum | Planning Directors of municipalities in the District | Run the processes of IDP Review |

Table 2: IGR Structures

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2.3. Performance Highlights of Governance and Public Participation

| Objective | Performance Indicator | Baseline | Annual Target | Actual Performance | Reasons for variance (under / over performance) | Corrective measures |
|-----------------------|---|---------------|---------------------------|--|---|--|
| Achieve Clean Audit | Plan to address Auditor General Queries developed Budget (R) | Plan in place | December 2012 | The plan to address Auditor General queries was developed | N/A | N/A |
| Achieve Clean Audit | Auditor General's Report included as standing item on Management meetings Budget (R) | New | Operational July 2012 | The Municipality is holding by weekly meetings to check progress | N/A | N/A |
| Enhance Communication | Communication Strategy Developed Budget (R) | New | Operational March 2013 | Communication Strategy has been developed | N/A | N/A |
| Enhance Communication | Community Participation Policy adopted Budget (R) | New | Operational March 2013 | Community Participation Policy has been adopted | N/A | N/A |
| Enhance Communication | Number of Ratlou Newsletter publications Budget (R) | New | Operational 4 | 3 newsletters were published | The service provider did not produce the acceptable quality newsletter on the fourth one as a result the newsletter were returned for reprinting. | To ensure timeous delivery of quality products |
| | Budget (R) | | R100 000 | | | |

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2.3. Performance Highlights of Governance and Public Participation

| Objective | Performance Indicator | Baseline | Annual Target | Actual Performance | Reasons for variance (under / over performance) | Corrective measures |
|---|--|----------------------|-----------------------------|--|--|--|
| Enhance Communication | Translator appointed to translate municipal documents to Setswana | 2 | 2 (IDP & Annual Report) | No translator was appointed | Tender was advertised and no appointment has been done yet. | The response from the bidders was very poor, since only one application was received and it has been resolved that it be re-advertised |
| Enhance Communication | Budget (R) Acquired signage for Vision, Mission & Values for RLM | New | R10 000 June 2013 | The signage for the Vision, Mission and Values of RLM was not acquired | Budgetary constraints | Will be done in the new financial year 2013/2014 |
| Enhance Communication | Budget (R) Number of Articles submitted by the Youth Journalism | 4 Newspaper Articles | R60 000 4 | No articles were submit by youth journalists | Delayed training in Municipal Corporatives | The skills development unit is busy with training of all corporatives within the Municipality |
| Promote Accountable, efficient and transparent organisation | Budget (R) Number of MFMA Section 52 Reports submitted to council | 4 | Operational 4 | 4 MFMA section 52 reports were submitted to council | N/A | N/A |
| Promote Accountable, efficient and transparent organisation | Budget (R) Audit Committee Established | New | Operational August 2012 | The audit committee was established | N/A | N/A |
| Promote Accountable, efficient and transparent organisation | Budget (R) Audit Plan developed | New | R50 000 August 2012 | The audit plan was developed | N/A | N/A |
| Promote Accountable, efficient and transparent organisation | Budget (R) Risk Management Policy developed | New | Operational October 2012 | The risk management policy was not developed | The manager responsible resigned in a process of developing a draft document | To be addressed in the next financial year |
| | Budget (R) | | Operational | | | |

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2.3. Performance Highlights of Governance and Public Participation

| Objectives | Performance Indicator | Baseline | Annual Target | Actual Performance | Reasons for variance (under / over performance) | Corrective measures |
|---|---|----------------|------------------------|---|--|--|
| Promote Accountable, efficient and transparent organisation | Risk Management Strategy developed | New | October 2012 | The risk management strategy was developed and adopted | N/A | N/A |
| Promote Accountable, efficient and transparent organisation | Budget (R) Fraud and Corruption Strategy Adopted | Draft Strategy | R50 000 August 2012 | The fraud and corruption strategy was developed and adopted | N/A | N/A |
| Promote Accountable, efficient and transparent organisation | Budget (R) Number of Anti-corruption Campaigns held | New | Operational 2 | The anti-corruption campaigns were not held | There responsible manager resigned during the period | To be addressed in the new financial year |
| Promote Accountable, efficient and transparent organisation | Budget (R) Number of Internal Audit Reports submitted to Audit Committee | New | Operational 4 | 3 internal audit reports were submitted to Audit Committee | Audit Committee had their first meeting in the 2 nd quarter | N/A |
| Promote Accountable, efficient and transparent organisation | Budget (R) Number of Audit Committee Reports submitted to council | New | Operational 4 | 1 audit committee report submitted to council | The Audit Committee convened the meeting in April 2013, and then the report was prepared and submitted to Council for resolution as per the recommended revised schedule | To ensure that audit committee reports are prepared and submitted to council on time |
| | Budget (R) | | Operational | | | |

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2.3. Performance Highlights of Governance and Public Participation

| Objective | Performance Indicator | Baseline | Annual Target | Actual Performance | Reasons for variance (under / over performance) | Corrective measures |
|---|---|----------|---------------------------|--|---|--|
| Promote Accountable, efficient and transparent organisation | Number of training programmes on Good Governance Budget (R) | New | 3 | 3 training programmes were held on good governance | N/A | N/A |
| Promote Accountable, efficient and transparent organisation | Number of Meetings & Reports of the Executive Committee Budget (R) | 12 | Operational 12 | 4 meetings held and reports compiled on executive committee | The Executive committee meetings were not held due to tight schedule of Executive Members availability. | Enforce sittings as per corporate calendar |
| Promote Accountable, efficient and transparent organisation | Number of meetings & Reports of the Municipal Public Accounts Committee Budget (R) | 4 | R10 000 4 | 11 meetings held and reports compiled on Municipal Public Accounts Committee | District MPAC meeting was held and attended as a result oversight visit was done | N/A |
| Promote Accountable, efficient and transparent organisation | Number of capacity building programme for MPAC Budget (R) | 1 | Operational 4 | 4 capacity building programmes were attended by MPAC members | N/A | N/A |
| Promote Accountable, efficient and transparent organisation | Number of Meetings & Reports of IGR Forum Budget (R) | New | R0 2 | 2 meetings were held and reports compiled of IGR forum | N/A | N/A |
| Promote Community Participation | Study on functionality of ward committees completed Budget (R) | New | R10 000 March 2013 | The study on functionality of ward committee is done | N/A | N/A |
| Promote Community Participation | Ward Committee support strategy developed Budget (R) | New | Operational March 2013 | The ward committee support strategy was developed | N/A | N/A |
| Promote Community Participation | Number of meetings of each ward committee Budget (R) | 12 | Operational 12 | 12 ward committee meetings were held | N/A | N/A |

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2.3. Performance Highlights of Governance and Public Participation

| Objective | Performance Indicator | Baseline | Annual Target | Actual Performance | Reasons for variance (under / over performance) | Corrective measures |
|---------------------------------|---|----------|---------------|--|--|--|
| Promote Community Participation | Number of capacity building programmes for Ward Committees | New | 4 | 2 capacity building programmes for ward committee were done | Budget constraints | Needs submitted to SCM. To follow up in the next financial year |
| Promote Community Participation | Budget (R) | | R220 000 | | | |
| Promote Community Participation | Amount Spent on Ward Committee Stipends | | R1 814 000 | R1422 500 amount was spent on ward committee stipends | The amount was reduced by resigning and deceased members | To nominate other community members. |
| Promote Community Participation | Budget (R) | | R1 814 000 | | | |
| Promote Community Participation | Number of support initiatives for Traditional Leaders Implemented | New | 3 | 3 support initiatives were provided to traditional leaders | N/A | N/A |
| Promote Community Participation | Budget (R) | | R50 000 | | | |
| Promote Community Participation | Number of reports on implementation of council resolutions | New | 4 | 4 reports were prepared on implementation of council resolutions | N/A | N/A |
| Promote Community Participation | Budget (R) | | Operational | | | |
| Promote Community Participation | Number of Dipitso Isa Baagi held | New | 6 | 2 dipitso isa baagi were held | Financial constraints | Avail funds for various programme |
| Promote Community Participation | Budget (R) | | R170 000 | | | |
| Promote Community Participation | Number of Public Participation Events Supported | 20 | 30 | 5 public participation events were supported | There were no other events which the municipality was scheduled or invited | The municipality will participate in public events on call of an invite. |
| Promote Community Participation | Budget (R) | | Operational | | | |
| Promote Community Participation | Community Satisfaction survey conducted | New | December 2012 | Community satisfaction survey was conducted | Due to lack of capacity | To be addressed in the next financial year |
| Promote Community Participation | Budget (R) | | Operational | | | |
| Promote Community Participation | Customer care policy developed | New | December 2012 | The customer care policy was developed and adopted | N/A | N/A |
| Promote Community Participation | Budget (R) | | Operational | | | |
| Promote Community Participation | Complaints handling system installed | New | March 2013 | Complaints handling system was not installed | Financial constraints | To be addressed in the next financial year |
| Promote Community Participation | Budget (R) | | Operational | | | |
| Promote Community Participation | Youth summit held | New | 1 | The youth summit was held | N/A | N/A |
| Promote Community Participation | Number of career exhibitions held | 1 | 2 | 1 career exhibition was held | Due to poor response from the stakeholders | N/A |

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2.3. Performance Highlights of Governance and Public Participation

| Objective | Performance Indicator | Baseline | Annual Target | Actual Performance | Reasons for variance (under / over performance) | Corrective measures |
|------------------------------------|--|----------|--------------------------|---|--|---|
| Promote Community Participation | Mayoral Bursaries to qualifying beneficiaries | New | 2 | No bursaries were awarded | Due to financial constraints | To address the budget issue in the next financial year |
| Promote Community Participation | Budget (R) Number of women support initiatives | 1 | R700 000 2 Summit | 1 women initiative was supported on national women's day | Financial constraints | Avail more for funds to support PWD |
| Promote Community Participation | Number of Women's Forum meetings held | 1 | 3 | No women forum meetings were held | Interrupted by mass participation programme; poor communication and financial challenges | To have an effective plan and communication in the next financial year. And also to address the financial challenges with the budget office |
| Promote Community Participation | Budget (R) Number of early learning centres provided with educational materials | New | R200 000 14 | No early learning centres were provided with educational materials | Due to financial constraints | To discuss the budget with the budget office in the next financial year |
| Promote Community Participation | Number of destitute elderly households provided with food parcels | New | 10 | No destitute elderly households were provided with food parcels | Due to financial constraints | To discuss the budget with the budget office in the next financial year |
| Enhance Communication | Budget (R) Number of Disability Forum meetings held and reports submitted | 1 | R72 248 4 | No disability forum meetings were held and no reports were compiled | Due to financial constraints | To discuss the budget with the budget office in the next financial year |
| Enhance Communication | Budget (R) HIV/AIDS Number of awareness held | New | R100 000 2 | No HIV/AIDS awareness programmes were held | Due to financial constraints | To discuss the budget with the budget office in the next financial year |
| Promote Local Economic Development | Budget (R) Number of Mayoral economic empowerment initiatives supported | New | R80 000 3 | The mayoral economic empowerment initiatives were not supported | Due to other political commitment | To be addressed in the next financial year |
| Promote Community Participation | Budget (R) Mayoral visits and handing of food parcels and blankets to the elderly | New | R100 000 18 July 2012 | No mayoral visits and handing of food parcels and blankets was done | The municipality alternatively cleaned Setlagole RDP, Mhelo Primary and Dikuhung primary school. | Proper planning will be done in the next financial year |
| | Budget (R) | | R130 600 | | | |

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2.3. Performance Highlights of Governance and Public Participation

| Objective | Performance Indicator | Baseline | Annual Target | Actual Performance | Reasons for variance (under / over performance) | Corrective measures |
|---|--|------------|-------------------|---|--|---|
| Promote Local Economic Development | Amount spent on EPWP stipend | R4 000 000 | R5 892 120 | R 1 183 570 amount was spent on EPWP stipend | The implementation of the second phase of EPWP only started on the 1st October 2012 instead of 1st July 2012 | Recruitments were done and programme started on the 1st of October 2012 |
| Promote Local Economic Development | <i>Budget (R)</i> Number of EPWP monthly reports submitted to Public Works | 4 | R3 000 000 12 | 12 EPWP monthly reports were submitted to public works | N/A | N/A |
| Promote Local Economic Development | <i>Budget (R)</i> Number of programmes submitted on utilization of EPWP workforce | New | Operational 12 | 9 programmes submitted on utilization of EPWP workforce | The was no implementation of EPWP | |
| Promote accountable, efficient and transparent organisation | <i>Budget (R)</i> Number of Quarterly Performance reports submitted to council | New | Operational 4 | 4 quarterly performance reports were submitted to council | N/A | N/A |
| Promote accountable, efficient and transparent organisation | <i>Budget (R)</i> Number of Performance Assessment for Section 56 & 57 conducted | New | Operational 2 | No assessments were done on section 56 & 57 Managers | The PMS unit was not fully functional in the first quarter as well as the second quarter to assess the performance of section 56 & 57 Managers | A post of the Deputy Director PMS was advertised in the second quarter and at pointment will take place in the third quarter. Thereafter a plan will be discussed of the way forward. |
| Promote accountable, efficient and transparent organisation | <i>Budget (R)</i> No of workshops on PMS | New | R0 4 | PMS workshops were successfully conducted for all officials within the Municipality | N/A | N/A |
| | <i>Budget (R)</i> | | R150 000 | | | |

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2.3. Performance Highlights of Governance and Public Participation

| Objective | Performance Indicator | Baseline | Annual Target | Actual Performance | Reasons for variance (under / over performance) | Corrective measures |
|---|---|----------|----------------------------|---|---|---------------------|
| Promote accountable, efficient and transparent organisation | Number of Performance reports submitted to council | New | 4 | 4 performance reports were submitted to council | N/A | N/A |
| Promote accountable, efficient and transparent organisation | <i>Budget (R)</i> Signed Performance Agreements with all employees | New | <i>RO</i> All Employees | 99.9% of the total establishment of Ratlou Local Municipality have signed Performance Agreements for 2012/13 | Some of the Officials were on maternity and sick leave during the signing off | N/A |
| Promote accountable, efficient and transparent organisation | <i>Budget (R)</i> Half yearly & Annual Performance review submitted to relevant stakeholders | New | <i>Operational</i> 2013 | The half yearly and annual performance review of the Municipality was done and submitted to the relevant stakeholders | N/A | N/A |
| | <i>Budget (R)</i> | | <i>Operational</i> | | | |

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2.4. Public Accountability and Participation

MSA section 17 (2): requires a municipality to establish and organise its administration to facilitate a culture of accountability amongst its staff.

Section 16 (1): states that a municipality must develop a system of municipal governance that compliments formal representative governance with a system of participatory governance.


Section 18 (a) - (d): requires a municipality to supply its community with information concerning municipal governance, management and development.

The Municipality developed and implemented the Integrated Development Plan as per the required legislation and the adopted framework. The community was involved in the development process to ensure that the required needs are addressed.

The Integrated Development Plan included core components as follows:

- > The municipal council's vision and mission for long term development;
- > The council's development priorities and objectives as well as local economic development ;
- > The council's operational strategies;
- > A financial plan, which must include a budget projection for at least the next three years;
- > The key performance indicators and performance targets

The performance highlights of the development and process of the IDP are included as part of Good Governance and Public Participation Program.

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CHAPTER 3: SERVICE DELIVERY

3.1. INTRODUCTION

The basic services and infrastructure key performance area forms the core of the municipality's Integrated Development Plan because it reports on the municipality's plan in responding to its primary responsibility of providing basic municipal services.

Current liability

As indicated in sections before this one, Ratlou Local Municipality is predominantly rural with dispersed villages covering an area of 14, 618 km2. The rural nature and vastness of the municipal area means that the municipality has a serious backlog of basic municipal services and community infrastructure.

A brief status of different municipal services will be provided below:

Water and Sanitation

| Local Municipality | Backlog - Water Supply (Number of Households) | | | Sanitation |
|--------------------|---|---------------|-----------|------------|
| | Below RDP | On RDP (200m) | Above RDP | Below RDP |
| Ratlou L.M. | 25 000 | 5 140 | 5 030 | 21 958 |

The functions of water and sanitation are provided by Ngaka Modiri Molema District Municipality in the area of Jurisdiction of Ratlou Local Municipality. This means that the district municipality is the authority with regard to the provision of water and sanitation, while the municipality plays a facilitation and support role to the district. The district municipality has sub-contracted Botshelo Water on an agency basis for water provision.

Water remains a challenge in the municipality and the majority of the residents depend on water tankering for drinking water. Apart from the absence of adequate infrastructure there is also a serious problem of reliable sources of water. There is also a continuous competition between animals and human for water in the municipal area.


With regard to sanitation, the majority of the residents of Ratlou still use pit toilets as there is no water borne sanitation. There are however plans to provide VIP toilets throughout the municipal area. As part of the municipality's plan to improve water and sanitation provision, Ratlou Local Municipality is busy in negotiations with Ngaka Modiri Molema District to look at the possibility of the district appointing the local municipality as a water and sanitation agent.

Roads and Storm Water

Roads and storm water are shared functions between the district and the local municipality. In general the vast majority of the internal roads are in a bad state and require constant maintenance. Although the municipality has acquired equipment for road maintenance, there are not enough capital resources to enable the municipality to keep all the roads in a better and usable condition.

Electricity

Electricity is provided by Eskom in the entire municipal area, while the municipality only plays a facilitating role. The municipality is still characterized by limited access to basic electricity by some of its residents, especially in newly developed areas.

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♦reet Lighting

High Mast lights are the only type of street lightings that is provided by the municipality. Although the majority of villages have been provided with high mast lights, some areas are still in the dark, while some of the high mast lights installed are not properly maintained and as a result not functioning.


The limited capacity of electricity supplied by Eskom also makes it difficult for the municipality to roll out high mast lights to all villages.

Housing


Housing is provided by the provincial department of Human Settlement, while the municipality provides a facilitation role. Among other things the municipality is responsible for identifying beneficiaries and facilitating the handover of completed houses.

♦Community Infrastructure

Ratlou has been able to provide its community with a number of community infrastructures such as community halls and sports grounds and libraries. There are, however, some villages that remain without these services and therefore the municipality is faced with the responsibility of extending these services to un-serviced areas.

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| No | Project No | Name of Project | Category | Funding | Original Approved Budget | Revised Approved Budget | Opening Balance | Current Year Expenditure (Incl retentions) | Total Expenditure | Closing Balance | Capital Commitment | Status | Approved and Contracted or Approved and not yet contracted |
|----|----------------------|---|---------------------|---------|--------------------------|-------------------------|-----------------|--|-------------------|-----------------|--------------------|-----------|--|
| 01 | MIG/NW/154/CF/12/13 | Morolong Disability Centre | Community Buildings | MIG | 1,200,000.00 | 1,760,000.00 | R - | 1,409,081.09 | 1,409,081.09 | 350,918.91 | 350,918.91 | Completed | Approved and Contracted |
| 02 | MIG/NW/160/CF/12/13 | Moshawane Community Library | Libraries | MIG | 2,400,000.00 | 2,800,000.00 | R - | 2,140,821.05 | 2,140,821.05 | 659,178.95 | 659,178.95 | WIP | Approved and Contracted |
| 03 | MIG/NW/1156/CF/12/13 | Thutwane Arts & Culture Centre | Community Buildings | MIG | 1,400,000.00 | 1,950,000.00 | R - | 1,060,154.57 | 1,060,154.57 | 889,845.43 | 889,845.43 | WIP | Approved and Contracted |
| 04 | MIG/NW/1139/SP/11/13 | Tshidiamolomo Sports Ground Phase 2 | Recreation Grounds | MIG | 476,377.00 | 476,377.00 | 46,125.00 | 237,533.26 | 283,658.26 | 192,718.74 | 192,718.74 | WIP | Approved and Contracted |
| 05 | MIG/NW/1151/CF/12/13 | Thapong Youth, Cultural and Recreational Centre | Recreation | MIG | 1,400,000.00 | 1,950,000.00 | R - | 204,221.73 | 204,221.73 | 1,745,778.27 | 1,745,778.27 | WIP | Approved and Contracted |
| 06 | MIG/NW/1152/CF/12/13 | Reakgona Youth Exhibition and Recreational Centre | Recreation | MIG | 1,400,000.00 | 1,670,000.00 | R - | 502,082.73 | 502,082.73 | 1,167,917.27 | 1,167,917.27 | WIP | Approved and Contracted |
| 07 | MIG/NW/1161/CF/12/13 | Tshidiamolomo Youth Advisory and Telecentre | Community Buildings | MIG | 3,000,000.00 | 3,180,000.00 | R - | 1,077,610.33 | 1,077,610.33 | 2,102,389.67 | 2,102,389.67 | WIP | Approved and Contracted |
| 08 | MIG/NW/1155/CL/12/13 | Mareetsane High Mast Lights Phase 1 | Community Lighting | MIG | 6,000,000.00 | 6,000,000.00 | R - | 4,636,972.79 | 4,636,972.79 | 1,363,027.21 | 1,363,027.21 | Completed | Approved and Contracted |
| 09 | | Madibogopan Community Library Guard House | Buildings | Own | 147,200.00 | 147,200.00 | R - | 146,718.22 | 146,718.22 | 481.78 | 481.78 | WIP | Approved and Contracted |
| 10 | MIG/NW/1163/CH/12/13 | Dingateng Community Hall | Halls | MIG | 1,800,000.00 | 2,310,000.00 | R - | 1,126,398.08 | 1,126,398.08 | 1,183,601.92 | 1,183,601.92 | WIP | Approved and Contracted |
| 11 | 209390 (MIG FORM ID) | Sellagole Community Telecentre | Community Buildings | MIG | 723,000.00 | 973,000.00 | R - | 818,200.47 | 818,200.47 | 154,799.53 | 154,799.53 | Completed | Approved and Contracted |
| 12 | MIG/NW/1153/CF/12/13 | Thusanong Disability centre | Community Buildings | MIG | 3,000,000.00 | 1,630,000.00 | R - | 1,276,754.98 | 1,276,754.98 | 353,245.02 | 353,245.02 | Completed | Approved and Contracted |
| 13 | MIG/NW/141/SP/11/13 | Kraaipan Sports Ground Phase 2 | Recreation Grounds | MIG | 894,102.00 | 894,102.00 | 176,329.50 | 587,522.31 | 763,851.81 | 130,250.19 | 130,250.19 | WIP | Approved and Contracted |
| 13 | MIG/NW/1012/CL/09/11 | WIP: Madibogo High Mast Light | Community Lighting | MIG | 4,000,000.00 | 4,000,000.00 | 2,926,958.66 | R - | 2,926,958.66 | 1,073,041.34 | 1,073,041.34 | WIP | Approved and Contracted |



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3.3 Performance Highlights for Basic Service Delivery and Infrastructure Development

| Objective | Performance Indicator | Baseline | Annual Target | Actual Performance | Reasons for variance (under / over performance) | Corrective measures |
|--|---|-----------|----------------------------|---|--|---|
| Improve waste management | Number of landfill sites fenced | 1 | 1 | Landfill sites were not fenced | Due to lack of capacity | The Service provider has been appointed to deal with the matter |
| Facilitate the provision of water | Budget (R) % of households earning less than R1100 with access to free basic services | 19 000 HH | No budget 100% | 11000 households earning less than R1100 with access to free basic services The total number in terms of percentage gives 100% achievement | Due to demarcation challenges between Ratlou and Mahikeng LM's | To have meeting with Mahikeng Local Municipality in order to remedy these challenges in the next financial year |
| Facilitate the provision of water | Budget (R) Number of reports on the status of water supply in the municipality submitted to council | | R10 000 000 4 | 4 reports were submitted to council on the status of water supply | N/A | N/A |
| Facilitate the provision of water | Budget (R) Approved strategy to address water challenges (WSDP Ratlou Chapter) | New | Operational March 2013 | This process was suspended | Due lack of support from NMMDM | To addressed with the District Municipality as a water authority |
| Facilitate the provision of water | Budget (R) Capacity verification report to provide water services (Water Service Provider Status) compiled | New | Operational March 2013 | This process was suspended | Due lack of support from NMMDM | To addressed with the District Municipality as a water authority |
| Facilitate the provision of water | Budget (R) Memorandum of understanding on implementation of water projects concluded with NMMDM | New | Operational August 2012 | Memorandum of understanding on implementation of water projects was concluded with NMMDM and signed | N/A | N/A |
| Facilitate the provision of sanitation | Budget (R) VIP project scope completed | New | Operational August 2012 | Compilation of VIP project scope which is a list of beneficiaries was completed | N/A | N/A |
| | Budget (R) | | Operational | | | |

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3.3 Performance Highlights for Basic Service Delivery and Infrastructure Development

| Objective | Performance Indicator | Baseline | Annual Target | Actual Performance | Reasons for variance (under / over performance) | Corrective measures |
|--|---|---------------------------------|------------------------------|--|--|---|
| Promote Greening and Sustainable Development | Number of trees planted | New | 500 | Distributed trees during official handover of 5 community halls as part of arbor month accounting to 60 trees and 1950 was distributed to general community. | Annual donation to the municipality as per request for national arbor week from Department of Agriculture, forestry and fisheries resulted in exceeding the target | N/A |
| Promote Greening and Sustainable Development | Budget (R) Number of heritage sites upgraded and maintained | New | No budget 1 | No heritage site was upgraded and maintained | Project suspended as per resolution 19/2013 of 28 March 2013 | N/A |
| Promote Greening and Sustainable Development | Budget (R) Number of environmental awareness campaigns conducted | New | R1 400 000 2 | No environmental awareness campaigns were conducted | The officer has not being well and as a result some of the programs were affected | N/A |
| Promote Greening and Sustainable Development | Budget (R) Number of cemeteries maintained (cleaned) | New | R5 000 6 | 1 cemetery cleaned by EPWP beneficiaries (Madibogopan village, Ward 07) | EPWP discontinued in other municipal wards. CWP was implemented in only 9 of 14 wards | CWP to be utilised for cemeteries cleaning purpose in areas in which it exist |
| Provide Traffic management Services | Budget (R) Number of traffic officers trained | 6 Trainees | R200 000 6 | 6 training officers were trained | N/A | N/A |
| Provide Traffic management Services | Budget (R) Traffic Department Established | Letter of Authority from DoPWRT | Operational December 2012 | The Traffic Deputy Director has not been appointed as a result the Traffic Department has not been established | Project placed on hold by council | Council to decide on way forward in the next financial year |
| Provide Traffic management Services | Budget (R) Traffic Enforcement Tool | New | Operational June 2013 | The traffic enforcement tool has not yet been done | The activity is still on hold until all administrative requirements for Road Safety are being resolved | To follow up on all the requirements in the next financial year |
| | Budget (R) | | R100 000 | | | |

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3.3 Performance Highlights for Basic Service Delivery and Infrastructure Development

| Objective | Performance Indicator | Baseline | Annual Target | Actual Performance | Reasons for variance (under / over performance) | Corrective measures |
|--|---|---------------------|---|---|---|--|
| Provide Traffic management Services | DTLC Business Plan Developed and Submitted to Funding Agency | New | June 2013 | The DTLC business plan has not been developed and submitted to funding agency | The activity is still on hold until all administrative requirements for Road Safety are being resolved | To follow up on all the requirements in the next financial year |
| Facilitate the provision of electricity | Budget (R) Project list submitted to Eskom | New | Operational July 2012 | Project list was submitted to Eskom | N/A | N/A |
| Facilitate the provision of electricity | MoU with Eskom | New | Operational Aug 2012 | Memorandum of understanding with Eskom was not signed | Delays with Eskom and consultation have been made through district energy forum | To make follow ups with Eskom in the next financial year |
| Facilitate the provision of electricity | Budget (R) Support to Solar Energy Initiatives | New | Operational 100% | Service providers have made presentation to Council on different products available | N/A | N/A |
| Build and Maintain Roads and Storm water | Budget (R) Length (km) of roads maintained | New | Operational 100km | The length km of road maintained is ± 98.5 km for the municipality access road | Mechanical problems (i.e. grader was not working and water tanker had a break down). Furthermore there were unfavourable weather conditions | To enter into agreement (SLA) with the reputable mechanical service provider to monitor and fix the Grader and Water tanker. |
| Build and Maintain Roads and Storm water | Budget (R) Length of road upgraded to gravel and upgrading of storm-water channels | 5 km | R 1 411 396 20km | 3.5 km of road was upgraded | The project was suspended as the contractor abandoned the site | The Municipality to finish the project internally in the next financial year |
| Facilitate the provision of community infrastructure | Budget (R) Housing needs register compiled | Incomplete register | Include on the budget of R1 411 396 above Dec 2012 | Housing needs register was 100% compiled | N/A | N/A |
| Facilitate the provision of community infrastructure | Budget (R) Number of reports submitted on the maintenance of municipal buildings | 5 | Operational 20 | 5 reports submitted on the maintenance of municipal buildings | Boreholes refurbishment was out sourced | N/A |
| | Budget (R) | | R316 000 | | | |

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3.3 Performance Highlights for Basic Service Delivery and Infrastructure Development

| Objective | Performance Indicator | Baseline | Annual Target | Actual Performance | Reasons for variance (under / over performance) | Corrective measures |
|--|---|---------------|-----------------|--|---|---|
| Facilitate the provision of community infrastructure | Number of Arts and Cultural Centres Constructed and upgraded (Thuthwane) Budget (R) | New | 1 R1 400 000 | The project is on process | The delay was due to procurement and change of scope | To identify reliable sources of material in the next financial year |
| Facilitate the provision of community infrastructure | Number of Heritage Sites Developed (Seithwathwe) Budget (R) | Heritage Site | 1 R1 400 000 | The project was suspended | The Department of Sport, Arts & Culture was responsible for funding of the project which did not happen | The project was handed back to the Department |
| Facilitate the provision of community infrastructure | Number of community Halls constructed (Dingateng) Budget (R) | 11 | 1 R1 800 000 | Construction of Dingateng community hall is not complete | Contract period extended due to increase in the scope of works. | To follow up to ensure completion in the next financial year |
| Facilitate the provision of community infrastructure | Number of Youth Advisory & Tele-Centres constructed and upgraded (Thhaping, Reakgona & Tshidlamolomo) and Setlagole | New | 3 | The youth advisory and tele-centres are still being constructed and upgraded | This is due to the following: a) Thhaping: Delay in procurement Process and under performance by the Contractor; b) Reakgona: the contractor had to also remove unsuitable material and import suitable materials from a source outside Ratlou; c) Tshidlamolomo and Setlagole: Delay in procurement processes | a) Thhaping: Penalties to be imposed to the concerned contractor (A letter of intend to terminate the contract was issued to the contractor) b) Reakgona: Contractual Completion date is extended to end September 2013 due to increase in the scope of works c) Tshidlamolomo and Setlagole: We have made follow ups on procurement processes and extended to complete the project by end of August 2013 |
| | Budget (R) | | R6 523 000 | | | |

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3.3 Performance Highlights for Basic Service Delivery and Infrastructure Development

| Objective | Performance Indicator | Baseline | Annual Target | Actual Performance | Reasons for variance (under / over performance) | Corrective measures |
|--|---|----------|---------------|---|---|--|
| Facilitate the provision of community infrastructure | Number of community Libraries constructed (Moshawane) | 6 | 1 | Construction of Moshawane Community Library not complete | Delay in procurement processes | Construction period extended and the contractor is progressing well and to complete project in the next financial year |
| Facilitate the provision of community infrastructure | Budget (R) | | R2 400 000 | Upgrading of Thusanong manufacturing centre has been completed; However upgrading of Morolong is still at 95% to be completed | Due to procurement challenges | To follow up and ensure completion in the next financial year |
| Facilitate the provision of community infrastructure | Disability Manufacturing Centre upgraded (Thusanong & Morolong) | New | 2 | | | |
| Facilitate the provision of community infrastructure | Budget (R) | | R2 400 000 | | | |
| Facilitate the provision of community infrastructure | Number of High Mast Lights installed (Mareitsane) | 140 | 30 | The high mast lights are 95% to be completed / installed | The power was not sufficient to allow for all the High mast lights to be switched on | Eskom had strengthen the voltage |
| Facilitate the provision of community infrastructure | Budget (R) | | R6 000 000 | | | |
| Facilitate the provision of community infrastructure | Municipal storage facility constructed | New | March 2013 | Construction of municipal storage facility is not done | Due financial constraints | To be reconsidered in the next financial year |
| Facilitate the provision of community infrastructure | Budget (R) | | R999 632.53 | | | |
| Facilitate the provision of community infrastructure | Area of facilities paved | 2 500 m² | 2 000 m² | 2852 m² of area of facilities was paved | The initial plan was to cover phase one, however due to available resources, the process was also recommended for phase two | N/A |
| Facilitate the provision of community infrastructure | Budget (R) | | R1 537 263 | | | |

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CHAPTER 4: MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT

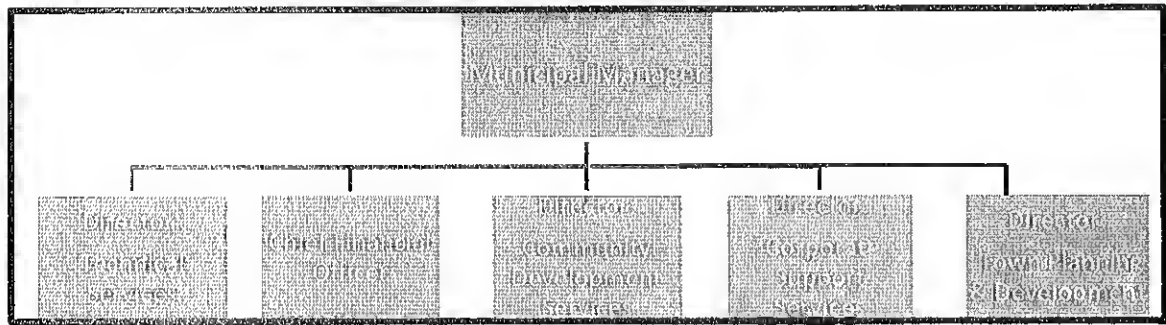
4.1. The Municipal Organisational Structure

The administrative structure of the municipality is made up of a total of 149 employees. The organizational structure was under review during the 2010/11 with the view to align it with the powers and functions and the IDP.

The municipality had also developed and implemented the Workplace Skills Plan (WSP) for the year under review, and employees and Councillors were trained in line with the plan in order to ensure that there is improvement in performance. Skills development will continue to be at the centre of the municipal operation in the coming years.

4.1.1. Municipal Top Organisational Structure

The senior management structure of the municipality is depicted on the following organogram:



The detailed administration organisational structure is depicted as follows as per Programme:

4.1.2. Office of the Mayor

| Type/Level | Number Employees | | Vacant | Total Number |
|---|------------------|--------|--------|--------------|
| | Male | Female | | |
| Senior Manager/s | 0 | 0 | 0 | 0 |
| Middle Managers | 2 | 1 | 0 | 3 |
| Professionals | 0 | 0 | 0 | 0 |
| Technicians and associate professionals | 0 | 0 | 0 | 0 |
| Clerks | 6 | 6 | 18 | 30 |
| Total | 8 | 7 | 18 | 33 |

4.1.3. Office of the Speaker

| Type/Level | Number Employees | | Vacant | Total Number |
|---|------------------|--------|--------|--------------|
| | Male | Female | | |
| Senior Manager/s | 0 | 0 | 0 | 0 |
| Middle Managers | 0 | 1 | 0 | 1 |
| Professionals | 0 | 0 | 0 | 0 |
| Technicians and associate professionals | 0 | 0 | 0 | 0 |
| Clerks | 2 | 2 | 2 | 6 |
| Total | 2 | 3 | 2 | 7 |

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4.1.4 Office of the Municipal Manager

| Number Employees | | | | |
|---|----------|----------|----------|--------------|
| Type/Level | Gender | | Vacant | Total Number |
| | Male | Female | | |
| Senior Manager/s | 1 | 0 | 0 | 1 |
| Middle Managers | 4 | 0 | 0 | 4 |
| Professionals | 0 | 0 | 0 | 0 |
| Technicians and associate professionals | 0 | 0 | 0 | 0 |
| Clerks | 0 | 4 | 7 | 11 |
| Total | 5 | 4 | 7 | 16 |

4.1.5 Corporate Support Services


| Number Employees | | | | |
|---|-----------|-----------|-----------|--------------|
| Type/Level | Gender | | Vacant | Total Number |
| | Male | Female | | |
| Senior Manager/s | 0 | 1 | 0 | 1 |
| Middle Managers | 1 | 2 | 1 | 4 |
| Professionals | 0 | 0 | 0 | 0 |
| Technicians and associate professionals | 0 | 0 | 0 | 0 |
| Clerks | 10 | 10 | 17 | 37 |
| Total | 11 | 13 | 18 | 42 |

4.1.6 Budget and Treasury Office

| Number Employees | | | | |
|---|----------|-----------|-----------|--------------|
| Type/Level | Gender | | Vacant | Total Number |
| | Male | Female | | |
| Senior Manager/s | 0 | 1 | 0 | 1 |
| Middle Managers | 2 | 3 | 0 | 5 |
| Professionals | 0 | 0 | 0 | 0 |
| Technicians and associate professionals | 0 | 0 | 0 | 0 |
| Clerks | 5 | 10 | 21 | 36 |
| Total | 7 | 14 | 21 | 42 |

4.1.7 Infrastructure

| Number Employees | | | | |
|---|-----------|----------|-----------|--------------|
| Type/Level | Gender | | Vacant | Total Number |
| | Male | Female | | |
| Senior Manager/s | 1 | 0 | 0 | 1 |
| Middle Managers | 1 | 0 | 1 | 2 |
| Professionals | 0 | 0 | 2 | 2 |
| Technicians and associate professionals | 4 | 0 | 5 | 9 |
| Clerks | 11 | 2 | 24 | 37 |
| Total | 17 | 2 | 32 | 51 |

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4.1.8. Community Services

| Type/Level | Number Employees | | Vacant | Total Number |
|---|------------------|-----------|-----------|--------------|
| | Male | Female | | |
| Senior Manager/s | 0 | 0 | 1 | 1 |
| Middle Managers | 1 | 1 | 1 | 3 |
| Professionals | 0 | 0 | 0 | 0 |
| Technicians and associate professionals | 0 | 0 | 0 | 0 |
| Clerks | 21 | 24 | 47 | 92 |
| Total | 22 | 25 | 49 | 96 |

4.1.8 Town Planning

| Type/Level | Number Employees | | Vacant | Total Number |
|---|------------------|----------|----------|--------------|
| | Male | Female | | |
| Senior Manager/s | 1 | 0 | 0 | 1 |
| Middle Managers | 1 | 0 | 0 | 1 |
| Professionals | 0 | 0 | 0 | 0 |
| Technicians and associate professionals | 0 | 0 | 0 | 0 |
| Clerks | 3 | 6 | 8 | 17 |
| Total | 5 | 6 | 8 | 19 |

4.2 Capacitating the Municipal Workforce

As required by the municipal regulation on minimum competency level as well as the municipal system act (Act 32 of 2000), we have identified skills gap as per the Work Skills Plan and through assessment of the qualification backgrounds for section 57 manager & other line managers in order to assess how far they are academically (Please refer figure 4.2a and 4.b below for the qualification background).

These gaps have been addressed through learner ship programmes, University enrolments and trainings. The skills development outcome will assist the municipality to have officials with the required knowledge and skills to achieve the objectives and planned targets of the municipality. The following table indicates the skills gaps addressed:

> Advanced Municipal Governance (NQF 7) - North-West University (Accounting Officer and Director Corporate Services) - refer to Annexure A

> Municipal Governance (at NQF 6) - North-West University (1 Director & 15 Deputy Directors and Managers) - refer to Annexure A

> Budget & Treasury (Finance & SCM) Personnel - Annexure B

| Training & Skills Intervention NQF L | Name of Institution | No.Of Participants |
|--|-----------------------------|--------------------|
| BA Municipal Management & Leadership Programme | North West University | 05 |
| Emerging Management Programme for Councillors | North West University | 13 |
| Learnership | SAICA Deloitte | 04 |
| Learnership | Local Government Accounting | 04 |
| I.T Management | University of Pretoria | 01 |
| Real Estate | University of Pretoria | 01 |
| Population Studies (APSTAR) | University of Kwazulu-Natal | 04 |
| Advanced Management | University of North West | 02 |

BTO

| Training & Skills Intervention NQF L | Name of Institution | No.of Participants |
|--------------------------------------|--------------------------|--------------------|
| Learnership | SAICA | 02 |
| Learnership | Local govt accounting | 04 |
| Advanced Management | University of North West | 01 |
| Real Estate | University of Pretoria | 01 |
| BA Municipal Governance | University of North West | 02 |

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Corporate Services Personnel

| Training & Skills Intervention NQF L | Name of Institution | No. of Participants |
|--------------------------------------|-----------------------------|---------------------|
| Advanced Management | University of North West | 01 |
| Population Studies | University of Kwazulu Natal | 01 |

Mayor's Office

| Training & Skills Intervention NQF L | Name of Institution | No. of |
|---|-----------------------------|--------|
| Population Studies | University of Kwazulu Natal | 01 |
| Emerging Management Programme for Councillors | University of North West | 02 |

MMS office

| Training & Skills Intervention NQF L | Name of Institution | No. of Participants |
|--------------------------------------|--------------------------|---------------------|
| Learnership | SAICA | 2 |
| I.T management | University of Pretoria | 01 |
| BA Municipal Governance | University of North West | 02 |

Planning & Development

| Training & Skills Intervention NQF L | Name of Institution | No. of Participants |
|--------------------------------------|-----------------------------|---------------------|
| Population Studies | University of Kwazulu Natal | 01 |

4.3 Personnel Expenditure

The following table depicts trends on personnel expenditure over the past three years compared to total budget (including Councillors Allowances):

| 2012/13 | | 2011/12 | | 2010/11 | |
|------------------------|-----------------------|------------------------|-----------------------|------------------------|-----------------------|
| Total Operating Budget | Personnel Expenditure | Total Operating Budget | Personnel Expenditure | Total Operating Budget | Personnel Expenditure |
| R71 151 839 | R38 736 022 | R30 191 000 | R30 925 | R37 171 091 | R 30 057 233 |

4.4 Pension Fund

The following table presents information on the pension funds in existence in Ratlou Local Municipality:

| PENSION FUND | NUMBER OF MEMBERS | COUNCIL CONTRIBUTION |
|--------------|-------------------|----------------------|
| MEPF | 116 | 0 |
| MCPF | 0 | 28 |
| SAMWU | 76 | 0 |
| IMATU | 31 | 0 |

4.5 Medical Aid

The following table provides information on the medical aid schemes in operation in the Municipality:

| MEDICAL AID | NUMBER OF MEMBERS |
|-------------|-------------------|
| BONITAS | 14 |
| HOSMED | 3 |
| SAMWUMED | 65 |
| LA HEALTH | 49 |
| KEY HEALTH | 1 |

4.6 Outstanding Monies

There were no arrears/outstanding monies owed to the municipality by staff or councillors during the 2011/12 financial year


4.7 Salaries, overtime and homeowners allowance

The following depicts salaries, overtime and homeowners allowances by level for the period 01 July 2011 - 30 June 2012:

| DESCRIPTION | SALARY | OVERTIME | HOME OWNERS ALLOWANCE |
|---------------------|--------------|----------|-----------------------|
| Top Management | R 3 732 850 | R - | R - |
| Other line Managers | R 26 588 779 | R 90,040 | R 253,796 |
| TOTAL | R 30 321 629 | R 90,040 | R 253,796 |

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| Position | Name | Qualifications | Experience |
|-------------------------------|----------------------|--|---|
| 1. Municipal Manager | Mr. Glen Lekomanyane | <ul style="list-style-type: none"> • Advance Municipal Governance (University of North West-Current) • National certificate in Municipal Governance (University of Johannesburg 2010) • MBA general management(North west University (in progress) • Hospital Management programme(University of Witwatersrand 2002) • National Diploma- Radiography(Technikon Witwatersrand 1998-1998) | <ul style="list-style-type: none"> • Acting Municipal Manager(Ratlou local municipality July 2011-Dec 2011) • Manager in the Mayor's office (Ratlou local Municipality 2007-2011) • LED Manager(Ratlou local municipality 2004-2005) • Radiographer/Senior (Geelukspan hospital Jan 1999-2003) |
| 2. Chief Financial Officer | Ms. Patience Leburu | <ul style="list-style-type: none"> • Bachelor of Commerce (Uniwest-1998) • Advanced Municipal Governance(NWU current) • GRAP Certificate • REAL Certificate • IFRS Certificate | <ul style="list-style-type: none"> • Acting Chief Financial Officer • Senior Financial Officer • Consultant (Std Bank) |
| 3. Director Corporate Service | Ms. Sharon Sepeng | <ul style="list-style-type: none"> • Advance Municipal Governance (University of North West- current) • Masters of Business Administration (University of North West 2011) • University Diploma in Education (University of Bophuthatswana 1994) | <ul style="list-style-type: none"> • Acting head in the office of the Municipal Manager (Mankeng Local Municipality- 2011) • Senior Projects Manager (Mt Nebo Development Institution and KIKA Consultancy) • Educator (1994-2006) |
| 4. Director Technical Service | Mr. Goone Mabulo | <ul style="list-style-type: none"> • Municipal Governance(University of North West Current) • S1-S2 in Civil Engineering (Peninsula Technicon-2000) • S 3- S 4 in civil engineering (SA Technicon- 2005) | <ul style="list-style-type: none"> • Site Manager(Godimong Consulting – 2009) • Resident Engineer (Re a Aga Infrastructure- 2008-2009) • Assistant resident Engineer (Africon Engineering International 2005-2008) • Technician (Jeffares & Green (PTY)Ltd- 2001-2005) |

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| Position | Name | Qualifications | Experience |
|--|----------------------|---|---|
| 5. Director Planning & Development | Mr. Tukisetso Kopele | <ul style="list-style-type: none"> Population Studies and Research (University of KZN-current) Bachelor of Science in Town & Regional Planning (Wits- 2000) Local Government Management Development Programme (Univest 2003) Environmental Management Systems (University of Potchefstroom - 2003) Procurement and Contract management (University of Pretoria- 2003) Introduction to LED (Limpopo LED Programme 2007) Intergraded development planning (DBSA Vulindlela Academy 2008) | <ul style="list-style-type: none"> Director(HOD) Spatial Planning Economic Development (Maruleng Local Municipality- Limpopo 2008-2012) Senior town planner (Maruleng L. Municipality (2001-2005) Town planner (Takalani Mulidi 2001-2002) |
| 6. Deputy Director Community Libraries | Ms. Kgatsing Seate | <ul style="list-style-type: none"> Municipal Governance (University of North West) BA Municipal Governance(NWU current) Diploma in Information Science (Unisa-current) Baccalerus Artium Education (Vista 1997) Certificate in Labour Relations (University of Pretoria- 2005) Certificate in Office Management (UP 2011) | <ul style="list-style-type: none"> Librarian (Ratlou Local Municipality 2003-2009) Deputy Director: Community Libraries(2009 to date) Cashier (Setlagobi Local Municipality 2001 to 2003) |
| 7. Deputy Director LED | Mr. Tebogo Gaerupe | <ul style="list-style-type: none"> Municipal Governance(Uniwest-current) Ward Committee Training(University of North West 2004) | <ul style="list-style-type: none"> Acting LED Manager(Ratlou Local Municipality August 2010) Chief Registry Clerk(Ratlou Local Municipality October 2011) Registry Clerk (Ratlou Local MunicipalityFeb 2005) Warehouse Manager(Department of Social Development Dec 2003-Nov 2004) Electoral democracy development facilitator(I.E.C Jan-April 2004) Training facilitator(Maele Consortium Training and Management services Jan-April 2004) Census supervisor(Statistics South Africa September 2001) Census listing official(Statistic South Africa Sep 2001-November 2001) |

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| Position | Name | Qualifications | Experience |
|---------------------------------|-------------------------|--|--|
| 8. Deputy Director SCM | Mr. Otlotleng Gadiachwe | <ul style="list-style-type: none"> Municipal Governance (Uniwest-current) Bachelor of Commerce (Uniwest-2001) Supply Chain Management for Municipalities & Entities (SAMDI) Municipal Supply Chain Management (Belgravia Institute of Management) | <ul style="list-style-type: none"> Procurement Officer (Ratlou Local Municipality) Office Administration (Setlakgobi Parliamentary Constituency Office) Administration Clerk (Department of Health-Mankeng District Office) |
| 9. Deputy Director Finance | Ms. Segomotsi Mogapi | <ul style="list-style-type: none"> Municipal Governance (Uniwest-current) Bachelor of Commerce Accounting and Auditing (Uniwest 2004) Soft Line Pastel (Belgravia Institute of management) Finance Management | <ul style="list-style-type: none"> Deputy Director Budget (Ratlou L.M. 2007-August 2012) Accountant (Ratlou local Municipality 2005-2007) |
| 10. Deputy Director Expenditure | Ms. Brenda Mabe | <ul style="list-style-type: none"> Municipal Governance (North West University 2012) Local Government Finance Management (Belgravia Institute of Management-2006) Bcom-Accounting (North West 2005) Certificate Programme in Management Development (Wits Business School-2011) | <ul style="list-style-type: none"> Acting CFO (Ratlou Municipality- May 2012 to date) Deputy Director – Budget (Ratlou Municipality-September 2011) Payroll Officer (Ratlou Municipality-2006-2008) Chief-enumerator (Stats SA 1996) |
| 11. Deputy Director I.T | Mr. Matlala Logare | <ul style="list-style-type: none"> Municipal Governance (NWU 2012) I.T Management Programme (University of Pretoria-2013) BA Municipal Governance (NWU current) National Diploma in Financial Information Systems (UP-Current) Information Technology Project Management (ForeFront Training and Business Solutions-2011) Municipal Finance Management Programme (University of Pretoria (2010) Programming (New Horizon 2009) Municipal Finance Management Programme (Vuselelela FET College 2008) National Diploma in Financial Information Systems (University of SA 2005) | <ul style="list-style-type: none"> I.T officer (Ratlou Local Municipality 2008-2011) Cashier (Ratlou Local Municipality 2006-2008) Petrol attendant (Setlagole Vulstasie 2003-2006) |

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| Position | Name | Qualifications | Experience |
|---|-----------------------|--|--|
| 12. Deputy Director Community Services | Mr. Moemedi Masibi | <ul style="list-style-type: none"> Master of social science in development studies (North West University-Current) BA Social Science in Development Studies(University of North West 2007) BA in Conservation, Tourism and Sustainable Development (North West University 2005) | <ul style="list-style-type: none"> Assistant director LED (Ratou Municipality- 2007) Team Leader (Price Water Coopers-(Sep 2007) Team Leader (North West Parks and Tourism Board 2006) |
| 13. Manager Office of the Speaker | Ms. Ipeleng Molefe | <ul style="list-style-type: none"> Municipal Governance Lehurutsho College of Education 1997) ACE (curriculum & professional Development-(Uniwest 2009) | <ul style="list-style-type: none"> Counting officer (IEC 2009 Stats Officer (IEC 2004) Educator (Motloding Primary) |
| 14. Manager Office of the Mayor | Mr. Tshepo Seleke | <ul style="list-style-type: none"> Municipal Governance Population studies(UKZN) Diploma in Adult Basic Education and Training(Unisa 2011) | <ul style="list-style-type: none"> Educator(Ikopanyeng Middle School 1996-1997) Educator(Buisang Abet centre feb 2001- November 2001) |
| 15. Deputy Director Demand & Acquisition | Mr. Thatoyaone Modise | <ul style="list-style-type: none"> Municipal Governance Bachelor of Commerce & Business & HR Management (Uniwest-2003) Diploma in computer Accountancy (Computer and Careers- 1998) | <ul style="list-style-type: none"> Manager (Road Transport Services (2010-2012) Grant Administrator (SASSA-2005-2010) Internship (Department of Public Works 2004-2005) Graduate assistant Internship Grant Administrator |
| 16. Deputy Director PMU | Mr. Paseka More | <ul style="list-style-type: none"> Municipal Governance National Diploma Civil Engineering 2000) | <ul style="list-style-type: none"> Site technician (Vela VKE Consulting Engineers) Trainee civil Engineering Technician (Rainbow Construction 2011) Student technician (Moses CavisPTY Ltd 2010) Peer tutor (Vaal University of Technology 2009) |

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| Position | Name | Qualifications | Experience |
|------------------------------------|----------------------|---|--|
| 16. Deputy Director HR | Ms. Boitshoko Maduno | <ul style="list-style-type: none"> Municipal Governance Population studies(UKZN) Masters Diploma in Human Resource Management(UJ 2004) Leadership Development Programme(Wits Business School 2007) Bachelor of Social Science in Social Work(Uniwest 1999) Training and development (City of Guilds of London Institute-JHB 1999) | <ul style="list-style-type: none"> Regional HR Practitioner(NHLS-2009-2012) ETD Practitioner-Freelance Facilitator (Khulisane Training Academy Sep 2008-Jun 2009) HR Shared Services Consultant(BPSA 2006-2008) Africa Regional EAP HIV/AIDS Programme Advisor(BPSA 2002-2006) Regional HIV/AIDS Programme Advisor(Eskom 1999-2002) Human Resource Officer(Eskom 1995-1999) SNR Revenue Officer (Bop Electricity Cooperation 1988-1995) |
| 17. Deputy Director Internal Audit | Mr. Eric Khesa | <ul style="list-style-type: none"> Municipal Governance (Uniwest-current) Bachelor of Accounting Science(UNISA 2006) Management Development Programme(University Of Pretoria 2011) Postgraduate Diploma(hons)Accounting Science(UNISA) Postgraduate Diploma in Taxation(current) | <ul style="list-style-type: none"> Assistant Director Third Party Funds Deputy Financial Manager(July 2011-October 2012) Financial Manager(October 2009-July 2011) Serving SAICA Auditing Articles(March 2006-October 2009) |
| 18. Deputy Director PMS | Mr. Makgotla Mokgosi | <ul style="list-style-type: none"> Municipal Governance(NWU current) Job Evaluation Course (SAMDI)1998 Policy Development & Management Course(Regenesys 2009) Advanced Management Development Program(University of Free State 2012) | <ul style="list-style-type: none"> Admin Clerk(Montshwa Guest House 1998) Senior Personnel Office PMDS & Job Evaluation(Local Government May 1998-May 2004) Chief Personnel Officer PMDS & Job Evaluation(Economic Development & Tourism June 2005-April 2007) Deputy Manager Performance Management(Sports, Arts & Culture May 2007-November 2012) |

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| Position | Name | Qualifications | Experience |
|------------------------------------|------------------|--|--|
| 19. Deputy Director Skills & Admin | Mr. Julius Leoko | <ul style="list-style-type: none"> University Diploma in Education (Taung college of Education 1998) Computer course (Dynamic business Education centre 2000) Municipal Governance (University of north west 2012 in progress) Skills development facilitation (Convergence training & consulting 2005) | <ul style="list-style-type: none"> Librarian (Ratlou Local Municipality 2003-2005) Marketing Manager (North West Arts Council 2001) I.E.C Presiding Officer (University of North West S.R.C elections 2000/2001) I.E.C Operations Manager (Setlakgobi Local Municipality 2000) I.E.C Voter Education Co-ordinator (Setlakgobi Local municipality 2000) Abet tutor (Dikgathong and Buisang Abet centres 1999-2001) Examination Assistant (Woolmaranstad High 2000, swartgrugens high March 2001) Administrative Assistant (Department of Social Service October to November 1999) |
| 20. Chief Financial Officer | Ms. Rachel Gaepe | <ul style="list-style-type: none"> Local Government Finance Management (Univest) MBA Financial Management National diploma in commercial practice Diploma in computer literacy Local government finance management Diploma in Agriculture | <ul style="list-style-type: none"> Chief Accountant (Ratlou Local Municipality- Mar 2003- April 2012) Senior admin officer (SA Post Office- 1998-2001) Teller (SA Post Office- 1998) Temporary educator (Dept. of Education- 1990) |
| 21. Assistant Director LED | Mr. K.I Menoe | <ul style="list-style-type: none"> Municipal Governance (University of North West) BA Municipal Governance (North West University-current) Government Communication Media (Rhodes University 2012) International Computer Driving License (ICDL Roodepoort college 2004) Clinical Pathology (University of Limpopo 1999-2000) National Diploma in Biomedical Technology (Tshwane University of Technology 1995-1994) | <ul style="list-style-type: none"> Setlagole Telecenter (Centre Moderator 2006-2011) Laboratory Manager (National Health Lab Services-Lehurutshe Community Hospital 2007-2011) Medical technologist (Louse Pasteur hospital 2000) Intern Medical Technology student (Gauteng Department of Health 1999) |
| 22. Communication and Telecenter | Mr. Lesley Muji | | |

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| Position | Name | Qualifications | Experience |
|---|--------------------------|---|---|
| 22. Deputy Director IDP | Mr. Job Mathoko | <ul style="list-style-type: none"> Municipal Governance (NWU current) APSTAR(UKZN current) Executive Leadership Municipal Development Programme (University of Pretoria- 2010) Fleet Management (University of JHB- 2006) Transport, fuel and Fleet (Sipuka Consulting 2007) | <ul style="list-style-type: none"> Acting Manager Corporate Services (Ratlou Local Municipality Oct 2011) Fleet & Facilities management officer (Ratlou Municipality) Area Manager (IEC Ratlou Municipality 2003) Ward Committee Trainer (Pawe Development and Training- 2004) |
| 23. Deputy Director Revenue | Ms. Priscilla Moruakgomo | <ul style="list-style-type: none"> Municipal Finance Programme (University of Pretoria- 2010) BA Municipal Governance(NWU Current) Bachelor of Commerce Degree ((Accounting & Auditing –Uniwest 2007) | <ul style="list-style-type: none"> Payroll Officer (Ratlou Local Municipality- March 2008- Jul 2012) Finance Intern (Ratlou Local Municipality June 2007-Feb 2008) Auditing (Price Water Coopers (Jan 2007- Feb 2007) |
| 24. Deputy Director Budget | Ms. Onalenna Moswela | <ul style="list-style-type: none"> BA Municipal Governance(NWU current) Bcom Accounting Degree(Uniwest 2007) Certificate in Finance Management Programme(University of Pretoria 2010) | <ul style="list-style-type: none"> Acting Deputy Director Budget(May 2012- March 2013) Accountant Budget(March 2008-March 2013) Finance Intern(August 2007-February 2008) |
| 25. Deputy Director Corporate Administration | Ms Mosadietse Maknita | <ul style="list-style-type: none"> Municipal Governance(NWU current) Diploma in Office Computer(1996) BA Administration(NWU 2006) | <ul style="list-style-type: none"> Administration Controller(January 2000- October 2012) Teacher(January 1992-December 1995) |
| 26. Deputy Director Youth Development & Advisory Services | Ms Katlego Bareki | <ul style="list-style-type: none"> Municipal Governance(NWU current) National Certificate Local Economic Development(Vulindlela College 2012) | <ul style="list-style-type: none"> Salesperson(2007-2008) Regional Executive Committee (ANCYL 2009- 2011) Secretary(Disaneng Sports Association) Volunteer (Kgodiso Early Learning Centre) Outreach Officer & Youth Advisory Centre(Ratlou Local Municipality May 2012- March 2013) |
| 27. Manager in Municipal Manager Office | Mr. Robert Rakuba | <ul style="list-style-type: none"> Municipal Governance(NWU current) ACE & Professional Development(NWU 2009) University Diploma in Education(UNIBO) | <ul style="list-style-type: none"> Educator Manager in Municipal Manager Office |
| 28. Deputy Director Disposal & Logistics | Mr. Kingsley Phutiyagae | <ul style="list-style-type: none"> Municipal Governance(NWU current) Financial Management Programme(SAICA 2013) Bcom Accounting(NWU 2008) | <ul style="list-style-type: none"> Procurement Officer(Ratlou Local Municipality February 2013-April 2013) Asset Management Officer(Ratlou Local Municipality November 2011-January 2012) Trainee Auditor(Auditor General January 2009-October 2011) Deputy Director Disposal & Logistics(April 2013-to date) |

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Figure 4.2b Training Attended

| TRAINING ATTENDED PER CATEGORY | | | | | | | Training Attended |
|--------------------------------|----------|-------------------|-------|--------|-----------------------|-------------------------------|--------------------------------|
| Surname | Initials | Employment Status | Race | Gender | Department | Job Designation | Training Attended |
| Matogo | M | Permanent | Black | Female | town planning & dev | LED Officer | Leadership DBSA |
| Bareki | O.C | Permanent | Black | Female | OFFICE OF THE MAYOR | Deputy director Youth Dev | Leadership DBSA |
| MOTHIHI | S | Permanent | Black | Female | CORPORATE SERVICE | RECEPTIONIST | local govt management |
| LETEBELE | O | PERMANENT | Black | Female | CORPORATE SERVICE | PERSONNEL CLERK | local govt management |
| MBANA | J | PERMANENT | Black | MALE | CORPORATE SERVICE | PERSONNEL CLERK | local govt management |
| NKOMO | J | PERMANENT | Black | Female | CORPORATE SERVICE | CLEANER | cleaning-skills programme |
| VELEMANE | J | PERMANENT | Black | Female | CORPORATE SERVICE | GENERAL WORKER | cleaning-skills programme |
| GOPANE | R | PERMANENT | Black | Female | CORPORATE SERVICE | CLEANER | cleaning-skills programme |
| MOATLE | K.H | PERMANENT | Black | Female | CORPORATE SERVICE | CLEANER | cleaning-skills programme |
| PHAKEDI | M.P | CONTRACT | Black | MALE | FINANCE | FINANCE INTERN | Municipal management programme |
| MOKGOTHU | P | CONTRACT | Black | Female | OFFICE OF THE MAYOR | YOUTH LEARNERSHIP | Municipal management programme |
| NTASI | P | CONTRACT | Black | Female | FINANCE | FINANCE INTERN | Municipal management programme |
| DIRATSAGAE | A | PERMANENT | Black | MALE | OFFICE OF THE SPEAKER | WARD COMMITTEE COORDINATOR | Municipal Governance |
| SEGWERE | B | CONTRACT | Black | Female | OFFICE OF THE SPEAKER | P.A OF THE SPEAKER | Municipal Governance |
| MOGOJE | N | PERMANENT | Black | Female | COMMUNITY SERVICE | LIBRARIAN | office management |
| MONAGENG | S | PERMANENT | Black | Female | COMMUNITY SERVICE | LIBRARIAN | office management |
| MOGOTSI | F | PERMANENT | Black | MALE | COMMUNITY SERVICE | LIBRARIAN | office management |
| GAOLALWE | O | CONTRACT | Black | MALE | CORPORATE SERVICE | MANAGER | Municipal Governance |
| GAERUPE | T | CONTRACT | Black | MALE | CORPORATE SERVICE | MANAGER | Municipal Governance |
| GAEPPE | R | CONTRACT | Black | Female | FINANCE | CHIEF FINANCIAL OFFICER | Service Level Agreement |
| SEPENG | S | CONTRACT | Black | Female | CORPORATE SERVICE | Director Corporate Services | Advanced Municipal Governance |
| LEKO | J | CONTRACT | Black | MALE | CORPORATE SERVICE | DD Skills Development & Admin | Municipal Governance |
| MATLHOKO | J | CONTRACT | Black | MALE | CORPORATE SERVICE | DD IDP | Municipal Governance |
| MABE | B.P | CONTRACT | Black | Female | FINANCE | DD Expenditure | Municipal Governance |
| RHODUGA | P | PERMANENT | Black | MALE | FINANCE | Chief Debtor Clerk | Local Govt Accounting |
| MOALUSI | F | PERMANENT | Black | MALE | OFFICE OF THE SPEAKER | PUBLIC PARTICIPATION OFFICER | Municipal Governance |
| MOLEFE | I.H | CONTRACT | Black | MALE | OFFICE OF THE SPEAKER | MANAGER Office of the Speaker | Municipal Governance |
| MONGALA | M.R | CONTRACT | Black | Female | OFFICE OF THE SPEAKER | SPEAKER | Municipal Governance |
| BANK | M.M | CONTRACT | Black | Female | MAYORS OFFICE | EXCO MEMBER | Computer course |

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| Surname | Initials | Employment Status | Race | Gender | Department | Job Title | Employment Status |
|-------------|----------|-------------------|-------|--------|---------------------|-----------------------------------|--------------------------------|
| MANCE | P.V | CONTRACT | Black | MALE | MAYORS OFFICE | MAYOR | Municipal Governance |
| MATEBELE | G.A | CONTRACT | Black | MALE | MAYORS OFFICE | CHIEF WHIP | Municipal Governance |
| BOIKANYO | G | CONTRACT | Black | female | MAYORS OFFICE | EXCO MEMBER | Computer course |
| MONGALE | J | CONTRACT | Black | MALE | MAYORS OFFICE | Ward Councillor | Municipal Governance |
| KUMALO | M | CONTRACT | Black | female | MAYORS OFFICE | EXCO MEMBER | Municipal Governance |
| MOKGOSI | P.P | CONTRACT | Black | female | MAYORS OFFICE | EXCO MEMBER | Municipal Governance |
| SHOMOLEKAE | V.K | CONTRACT | Black | female | MAYORS OFFICE | EXCO MEMBER | Municipal Governance |
| BOGATSU | M.T | PERMANENT | Black | female | PROCUREMENT & ASSET | PROCUREMENT OFFICER | Municipal management programme |
| TJALE | C | CONTRACT | Black | MALE | FINANCE | Asset Officer | Municipal management programme |
| TSOKA | C | CONTRACT | Black | female | FINANCE | Assistant Director Internal Audit | Municipal management programme |
| MMUTLE | L | PERMANENT | Black | female | FINANCE | ACCOUNTANT OFFICER | Municipal management programme |
| LOGARE | M | CONTRACT | Black | MALE | MUNICIPAL MANAGER | DD IT | BA Municipal Management |
| SELOGELWA | M | PERMANENT | Black | female | MUNICIPAL MANAGER | IT OFFICER | Website development |
| MUJI | L | PERMANENT | Black | MALE | MUNICIPAL MANAGER | DD COMMUNICATION & TELECENTRE | BA Municipal Management |
| MARUMOLWA | M | CONTRACT | Black | MALE | MUNICIPAL MANAGER | TELECENTRE OFFICER | Website development |
| MONGALE | K.C | PERMANENT | Black | MALE | MUNICIPAL MANAGER | WEB SYSTEM ADMINISTRATOR | Website development |
| GAEEPE | K.A | PERMANENT | Black | MALE | CORPORATE SERVICE | REGISTRY CLERK | Registry and Mail management |
| NTSIMANYANE | M | CONTRACT | Black | female | OFFICE OF THE MAYOR | REGISTRY CLERK | Registry and Mail management |
| MOGAPI | S.F | CONTRACT | Black | female | FINANCE | DEPUTY DIRECTOR | Emerging management programme |
| MASIBI | M | CONTRACT | Black | MALE | COMMUNITY SERVICE | DEPUTY DIRECTOR | Emerging management programme |
| MABILO | G.C | CONTRACT | Black | MALE | TECHNICAL SERVICE | Director Technical Services | Emerging management programme |
| MODISE | T.J | CONTRACT | Black | MALE | MUNICIPAL MANAGER | DD Demand & Acquisition | Emerging management programme |
| SELEKE | T.L | CONTRACT | Black | MALE | OFFICE OF THE MAYOR | MANAGER Office of the Mayor | Population Studies (APSTAR) |
| MORE | P.M | CONTRACT | Black | MALE | PROJECT MANAGEMENT | DEPUTY DIRECTOR PMU | Emerging management programme |
| BARUKI | L.D | PERMANENT | Black | MALE | COMMUNITY SERVICE | GENERAL WORKER | Landscape maintenance |
| BRINK | D.G | PERMANENT | Black | MALE | COMMUNITY SERVICE | GENERAL WORKER | Landscape maintenance |
| KGOSIEMANG | G | PERMANENT | Black | MALE | COMMUNITY SERVICE | GENERAL WORKER | Landscape maintenance |
| MOGWASI | T | PERMANENT | Black | MALE | TECHNICAL SERVICE | GENERAL WORKER | Landscape maintenance |
| MASERU | D.E | PERMANENT | Black | MALE | TECHNICAL SERVICE | GENERAL WORKER | Landscape maintenance |
| HENSLEY | T.W | PERMANENT | Black | MALE | COMMUNITY SERVICE | GENERAL WORKER | Landscape maintenance |
| RANTSIJANG | M.K | PERMANENT | Black | MALE | TECHNICAL SERVICE | GENERAL WORKER | Landscape maintenance |
| JANTJIES | M.N | PERMANENT | Black | MALE | TECHNICAL SERVICE | GENERAL WORKER | Landscape maintenance |
| PAULUS | K.A | PERMANENT | Black | MALE | TECHNICAL SERVICE | GENERAL WORKER | Landscape maintenance |
| DALY | F | PERMANENT | Black | MALE | COMMUNITY SERVICE | GENERAL WORKER | Landscape maintenance |
| MORE | P.M | PERMANENT | Black | MALE | TECHNICAL SERVICE | GENERAL WORKER | Landscape maintenance |
| LEKEBE | O.P | PERMANENT | Black | MALE | COMMUNITY SERVICE | GENERAL WORKER | Landscape maintenance |
| MOLEBATSI | G.M | PERMANENT | Black | MALE | TECHNICAL SERVICE | GENERAL WORKER | Landscape maintenance |
| LETSAPA | S.S | PERMANENT | Black | MALE | COMMUNITY SERVICE | GENERAL WORKER | Landscape maintenance |
| MAKABANYAN | B.G | PERMANENT | Black | MALE | COMMUNITY SERVICE | GENERAL WORKER | Landscape maintenance |
| SETHOTLHA | J | PERMANENT | Black | MALE | COMMUNITY SERVICE | LIBRARY | Landscape maintenance |
| LEKOPANYE | M.C | PERMANENT | Black | MALE | COMMUNITY SERVICE | LIBRARY | Landscape maintenance |
| LOBESE | P | CONTRACT | Black | MALE | TECHNICAL SERVICE | GRADER OPERATOR | Landscape maintenance |
| MORABE | A | PERMANENT | Black | MALE | TECHNICAL SERVICE | GENERAL WORKER | Landscape maintenance |
| TABANE | S.W | PERMANENT | Black | MALE | TECHNICAL SERVICE | GENERAL WORKER | Landscape maintenance |
| MOOKI | E.K | CONTRACT | Black | MALE | UNEMPLOYMENT YOUTH | VOLUNTEER | Traffic law enforcement |

| Suriname | Initial | Employment Status | Race | Gender | Department | Job Description | Training / Attended |
|---|---------|-------------------|-------|--------|---------------------------|------------------------------|-------------------------------|
| MMUSI | R.N | CONTRACT | Black | Female | UNEMPLOYMENT YOUTH | VOLUNTEER | Traffic law enforcement |
| THABANE | M | CONTRACT | Black | Female | UNEMPLOYMENT YOUTH | VOLUNTEER | Traffic law enforcement |
| NGILO | F | CONTRACT | Black | MALE | UNEMPLOYMENT YOUTH | VOLUNTEER | Traffic law enforcement |
| SALAMMU | T | CONTRACT | Black | Female | UNEMPLOYMENT YOUTH | VOLUNTEER | Traffic law enforcement |
| MARUPING | R.T | CONTRACT | Black | MALE | UNEMPLOYMENT YOUTH | VOLUNTEER | Traffic law enforcement |
| Mothibi | S | Permanent | Black | Female | CORPORATE SERVICE | RECEPTIONIST | Labour relations |
| Kopale | T.N | CONTRACT | Black | MALE | Planning & Development | Director Town Planning & Dev | Population Studies(APSTAR) |
| Madumo | BD | CONTRACT | Black | Female | CORPORATE SERVICE | DD Human Resource | Population Studies(APSTAR) |
| Poog | M | Permanent | Black | Female | Planning & Development | Assistant Director EPWP | Population Studies(APSTAR) |
| Makinita | EM | CONTRACT | Black | Female | CORPORATE SERVICE | DD Corporate Admin | Records Management & Registry |
| Chase | O.P | Permanent | Black | MALE | CORPORATE SERVICE | Skills Development | Records Management & Registry |
| Mbana | S.J | Permanent | Black | MALE | CORPORATE SERVICE | Senior Personnel Officer | Records Management & Registry |
| LETEBELE | Q | Permanent | Black | Female | CORPORATE SERVICE | PERSONNEL CLERK | Records Management & Registry |
| Mbele | L | Permanent | Black | Female | CORPORATE SERVICE | Fleet Admin Officer | Records Management & Registry |
| Radebe | N | Permanent | Black | MALE | CORPORATE SERVICE | Fleet management Officer | Records Management & Registry |
| NTSIMANYANE | M | Permanent | Black | Female | CORPORATE SERVICE | REGISTRY CLERK | Records Management & Registry |
| Sedumedi | M | Permanent | Black | Female | FINANCE | Cashier | Records Management & Registry |
| Mocumi | L | Permanent | Black | Female | FINANCE | Stores Clerk | Records Management & Registry |
| Phutivazae | K | CONTRACT | Black | MALE | FINANCE | DD Disposal & Acquisition | Records Management & Registry |
| Pushovabone | G | CONTRACT | Black | MALE | MAYORS OFFICE | PA to the Mayor | Records Management & Registry |
| Moepeng | R | Permanent | Black | Female | MAYORS OFFICE | Women Development | Records Management & Registry |
| Makgolo | M | Permanent | Black | Female | COMMUNITY SERVICE | Admin clerk | Records Management & Registry |
| Macucwa | D | Permanent | Black | MALE | TECHNICAL SERVICE | Building & Electrification | Records Management & Registry |
| Pholo | B | CONTRACT | Black | Female | TECHNICAL SERVICE | PA to the Technical Director | Records Management & Registry |
| Sereji | GP | CONTRACT | Black | Female | CORPORATE SERVICE | PA to the Corporate Director | Records Management & Registry |
| Twala | RB | CONTRACT | Black | Female | MUNICIPAL MANAGERS OFFICE | PA to the MM | Records Management & Registry |
| Kobela | M | CONTRACT | Black | Female | OFFICE OF THE SPEAKER | PR councillor | Municipal Governance |
| Sekwati | L | CONTRACT | Black | Female | OFFICE OF THE SPEAKER | Councillor | Municipal Governance |
| Molaoliwa | D | CONTRACT | Black | Female | OFFICE OF THE SPEAKER | Councillor | Municipal Governance |
| Dala | M | CONTRACT | Black | Female | OFFICE OF THE SPEAKER | Councillor | Municipal Governance |
| Galetthobogwe | F | CONTRACT | Black | MALE | OFFICE OF THE SPEAKER | Councillor | Municipal Governance |
| Sedia | M | CONTRACT | Black | MALE | OFFICE OF THE SPEAKER | Councillor | Municipal Governance |
| Lebelele | J | CONTRACT | Black | Female | OFFICE OF THE SPEAKER | Councillor | Municipal Governance |
| Ncoane | G | CONTRACT | Black | Female | Office of the Speaker | Councillor | Municipal Governance |
| Gosirwe | K | CONTRACT | Black | Female | OFFICE OF THE SPEAKER | Councillor | Municipal Governance |
| Moruaqomo | P | CONTRACT | Black | Female | FINANCE | DO Revenue | BA Municipal Management |
| ALL WARD COMMITTEES ATTENDED TRAINING 150 | | | | | | | Ward Committee Training |
| ALL MIDDLE MANAGERS AND SENIOR MANAGERS ATTENDED SUPPLY CHAIN MANAGEMENT TRAINING | | | | | | | Supply Chain Management |

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4.8 Performance highlights for Municipal Transformation and Institutional Development


| Objective | Performance Indicator | Baseline | Annual Target | Actual Performance | Reasons for variance (under / over performance) | Corrective measures |
|---|---|------------------------------------|-----------------------------|---|---|---------------------|
| PROMOTE PLANNING & PERFORMANCE MANAGEMENT | 2013/14 IDP and Budget Process plan <i>Budget (R)</i> | 2012/13 Process Plan <i>N/A</i> | August 2012 R 60 000 | 2013/14 IDP and budget process plan developed | N/A | N/A |
| PROMOTE PLANNING & PERFORMANCE MANAGEMENT | 2013/14 IDP Reviewed | 2012/13 IDP | May 2013 | The following did take place: a) the process plan was adopted; b) analysis and strategy phase was done; c) The draft IDP was approved and the community was consulted; and d) Council adopted the IDP 2013/2014 on the 30 May 2013 as per Resolution No. 20/ 2013 | N/A | N/A |
| PROMOTE PLANNING & PERFORMANCE MANAGEMENT | <i>Budget (R)</i> Approved Service delivery and Budget Implementation Plan | <i>N/A</i> | Included in Above | The draft SDBIP was developed and has been noted by Council on the 30 May 2013 as per Resolution No. 22/ 2013 | N/A | N/A |
| PROMOTE PLANNING & PERFORMANCE MANAGEMENT | <i>Budget (R)</i> Number of IDP Representative Forum meetings Held | <i>N/A</i> 4 | Operational 4 | 6 IDP representative forum meetings were held | Due to follow up meetings | N/A |
| PROMOTE PLANNING & PERFORMANCE MANAGEMENT | <i>Budget (R)</i> | <i>N/A</i> | Operational | | | |

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4.8 Performance highlights for Municipal Transformation and Institutional Development

| Objective | Performance Indicator | Baseline | Annual Target | Actual Performance | Reasons for variance (under / over performance) | Corrective measures |
|---|---|-----------------------------------|--------------------|---|--|---|
| PROMOTE PLANNING & PERFORMANCE MANAGEMENT | Number of Strategic Planning Sessions held | 1 | December 2012 | Strategic planning was successfully held on 24-26 October 2012 | N/A | N/A |
| | <i>Budget (R)</i> | N/A | R200 000 | | | |
| Promote Accountable and efficient administration | Number of workshops on Council policies | 4 | 4 | No workshops were done on council policies | The Policies were adopted by the Council in the last quarter | Workshops will be done in the next financial year |
| | <i>Budget (R)</i> | N/A | Operational | | | |
| Promote Accountable and efficient administration | Number of policies reviewed | 16 Policies | 16 | 16 policies were drafted and reviewed | N/A | N/A |
| | <i>Budget (R)</i> | N/A | Operational | | | |
| Promote Accountable and efficient administration | Internal Control systems developed and implemented | New | September 2012 | The procedure manual on delegation and segregation of duties is in place | N/A | N/A |
| | <i>Budget (R)</i> | N/A | Operational | | | |
| Promote Accountable and efficient administration | Automated management system installed | New | Development of TOR | Terms of reference were developed | N/A | N/A |
| | <i>Budget (R)</i> | N/A | Operational | | | |
| Promote Accountable and efficient administration | Record keeping system installed | New | Development of TOR | List of required equipment submitted for procurement | N/A | N/A |
| | <i>Budget (R)</i> | N/A | Operational | | | |
| PROMOTE ACCOUNTABLE AND EFFICIENT ADMINISTRATION | Record management system developed | Development of Terms of Reference | June 2013 | The space was identified for training and the staff was trained on the record of management system. | N/A | N/A |
| | <i>Budget (R)</i> | | Operational | | | |
| PROMOTE ACCOUNTABLE AND EFFICIENT ADMINISTRATION | Number Of Reports Submitted To Council On Council Resolution Implementation | New | 4 | 3 Council report submitted to council on implementation of council resolution | Inconsistency of the final SDBIP | To nominate other community members. |
| | <i>Budget (R)</i> | | Operational | N/A | N/A | |

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4.8 Performance highlights for Municipal Transformation and Institutional Development

| Objective | Performance Indicator | Baseline | Annual Target | Actual Performance | Reasons for variance (under / over performance) | Corrective measures |
|--|---|------------|--|--|---|--|
| PROMOTE ACCOUNTABLE AND EFFICIENT ADMINISTRATION | Number of policies reviewed | New | 16 | 16 policies were reviewed | N/A | N/A |
| PROMOTE ACCOUNTABLE AND EFFICIENT ADMINISTRATION | <i>Budget (R)</i> Number of By-laws Promulgated | 8 | Operational 31 st March 2013 | N/A Draft By-laws policy was submitted to Director Corporate Services | N/A | N/A |
| PROMOTE ACCOUNTABLE AND EFFICIENT ADMINISTRATION | <i>Budget (R)</i> Number of Lease Agreements Concluded | 2 | Operational | N/A 20 lease agreements | N/A There was a dispute with regard to the accuracy of square meters on municipal properties | Property valuer was appointed to deal with the discrepancies |
| PROMOTE ACCOUNTABLE AND EFFICIENT ADMINISTRATION | <i>Budget (R)</i> Number of Litigations Resolved | 3 | Operational 1 | N/A The Municipality had three cases and were all resolved | N/A | N/A |
| PROMOTE ACCOUNTABLE AND EFFICIENT ADMINISTRATION | <i>Budget (R)</i> Completed Job Descriptions for all employees | Organogram | Operational 30 September 2012 | N/A All officials have signed their job descriptions | N/A | N/A |
| Improve Planning and Performance Management | <i>Budget (R)</i> Number of Performance Reports submitted to council | New | Operational 4 | N/A 4 performance reports were submitted to council | N/A | N/A |
| Improve Planning and Performance Management | <i>Budget (R)</i> PMS Policy revised | New | Operational Revised PMS Policy | N/A PMS Policy was revised on the 14 th January 2013 | N/A | N/A |
| Improve Planning and Performance Management | <i>Budget (R)</i> No of training workshops on PMS | New | Operational 4 | N/A PMS workshops were successfully conducted for all officials within the Municipality and 6 workshops were held | N/A More officials needed to be trained on PMS | N/A |
| | <i>Budget (R)</i> | | Operational | N/A | N/A | N/A |

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4.8 Performance highlights for Municipal Transformation and Institutional Development

| Objective | Performance Indicator | Baseline | Annual Target | Actual Performance | Reasons for variance (under / over performance) | Corrective measures |
|--|--|---------------------------|--------------------------|---|---|---------------------|
| Improve Technology Efficiency | Approved IT Master Plan | New | August 2012 | IT Strategy / Master System plan have been developed and approved | N/A | N/A |
| Improve Technology Efficiency | <i>Budget (R)</i> Number of reports on website maintenance | New | R1 780 000 12 | 12 reports on website maintenance were compiled | N/A | N/A |
| Improve Technology Efficiency | <i>Budget (R)</i> Software and Hardware regularly updated | New | Operational 100% | Software and hardware were updated regularly | N/A | N/A |
| Improve Technology Efficiency | <i>Budget (R)</i> Operational Disaster and Business Continuity Plan Developed | New | R100 000 July 2012 | Operational Disaster and Business Continuity Plan was developed | N/A | N/A |
| Improve Technology Efficiency | <i>Budget (R)</i> Internal Business Processes automated | New | Operational Oct 2012 | Internal business processes were not automated | N/A | N/A |
| Improve Technology Efficiency | <i>Budget (R)</i> No of ICT Learnerships implemented | New | Operational 1 | No ICT learnerships were implemented | N/A | N/A |
| Improve Technology Efficiency | <i>Budget (R)</i> Effective Operation of Telecentres | 2 Operational Telecentres | Operational 3 | Procurement of IT and Internet was done as a phase one of the Telecentres was complete; however it is not yet fully operational | N/A | N/A |
| Promote Innovation Learning and Growth | <i>Budget (R)</i> Workplace Skills Development Plan developed | Workplace Skill Place | R100 000 May 2013 | Workplace Skills Plan was established on 01st August 2012 and submitted to Department of Labour LGSETA | N/A | N/A |
| Promote Innovation Learning and Growth | <i>Budget (R)</i> Workplace Skills Development Plan Targets Achieved | New | Operational June 2013 | All identified training needs were addressed | N/A | N/A |
| Promote Innovation Learning and Growth | <i>Budget (R)</i> The % of a municipality's budget actually spent on implementing its workplace skills plan | Existing | N/A 100% | 100% achieved | N/A | N/A |
| | | | R760 000 | | | |

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4.8 Performance highlights for Municipal Transformation and Institutional Development

| Objective | Performance Indicator | Baseline | Annual Target | Actual Performance | Reasons for variance (under / over performance) | Corrective measures |
|--|---|----------|---|--|--|--|
| Promote Innovation Learning and Growth | No. of reports submitted to council on the implementation of the WSP <i>Budget (R)</i> | 4 | 4 <i>Operational</i> | 4 reports were submitted to council on the implementation of the WSP | N/A | N/A |
| Promote Innovation Learning and Growth | Number of learnerships programme implemented <i>Budget (R)</i> | New | 3 <i>R336 000</i> | No learnership programmes were implemented | Due to administrative challenges | To speed up process of recruiting of learnerships in the next financial year |
| Promote Innovation Learning and Growth | Community skills development Plan developed <i>Budget (R)</i> | 3 | February 2013 <i>Operational</i> | The community skills development plan was not developed | Due to administrative challenges | To be addressed in the new financial year |
| Promote Innovation Learning and Growth | Number of reports on the status of library services <i>Budget (R)</i> | 4 | 4 <i>Operational</i> | No reports were compiled on the status of library services | The report was to be compiled from the Province | To remind the Provincial office to speed up the process |
| Promote Innovation Learning and Growth | Number of libraries provided with free internet services for users <i>Budget (R)</i> | 4 | 7 <i>Operational</i> | 4 libraries were provided with free internet services for users | 3 libraries still not functional due to lack of resources | N/A |
| Promote Innovation Learning and Growth | Number of library awareness campaigns implemented <i>Budget (R)</i> | 35 | 36 <i>Operational</i> | 25 library awareness campaigns were implemented | The budget was not sufficient to cater for all intended programs | To request more budget in the next financial year |
| Promote Innovation Learning and Growth | Number of Trainings Conducted for/ Attended by Employees <i>Budget (R)</i> | 10 | 16 <i>Operational</i> | 101 Officials including Councilors were trained in different categories | Due to external training provided by the district and province | None |
| Promote Innovation Learning and Growth | Number of Trainings Conducted for/ Attended by Councilors <i>Budget (R)</i> | 10 | N/A 12 | 101 Officials including Councilors were trained in different categories | Due to external training provided by the district and province | None |
| Promote Innovation Learning and Growth | Workshop on core competencies held <i>Budget (R)</i> | New | N/A October 2012 <i>Operational</i> | The targeted group was sent to short Learning program and they are attending with Potchefstroom university | N/A | N/A |

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4.8 Performance highlights for Municipal Transformation and Institutional Development

| Objective | Performance Indicator | Baseline | Annual Target | Actual Performance | Reasons for variance (under / over performance) | Corrective measures |
|-----------------------------------|--|---|--------------------------------------|--|--|--|
| Achieve Employment Equity | Employment Equity report submitted to be department of labour <i>Budget (R)</i> | Employment Equity Report | September 2012 <i>Operational</i> | Employment Equity Report was compiled and submitted to Department of Labour. | N/A | N/A |
| Achieve Employment Equity | Employment Equity Plan Developed <i>Budget (R)</i> | Employment Equity Plan in Place <i>Operational</i> | May 2013 <i>Operational</i> | The employment equity plan was 100% developed <i>Operational</i> | N/A | N/A |
| Achieve Employment Equity | The number of people from groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan <i>Budget (R)</i> | 2 <i>Operational</i> | 1 <i>Operational</i> | No employment took place in three highest levels of management | Response of target group to application is not assisting taking the process to another level | N/A |
| Achieve Employment Equity | Human Resource Development Strategy approved <i>Budget (R)</i> | Advertised bid | August 2012 <i>Operational</i> | The human resource development strategy was not developed | Due to lack of capacity | To identify relevant service provider in the next financial year |
| Achieve Employment Equity | Number of HR Policies reviewed <i>Budget (R)</i> | 3 | R477 648 6 <i>Operational</i> | 6 HR policies were reviewed | N/A | N/A |
| Achieve Employment Equity | Talent Management and Retention Policy developed <i>Budget (R)</i> | New | December 2012 <i>Operational</i> | Talent management and retention policy was 100% developed | N/A | N/A |
| Achieve Positive Employee Climate | Number of LLF meetings held <i>Budget (R)</i> | 4 | 6 <i>Operational</i> | 2 LLF meetings were held | Proposals were submitted and awaiting approval | To be held in next financial year |
| Achieve Positive Employee Climate | Campaign to communicate the code of conduct implemented <i>Budget (R)</i> | New | July 2012 <i>Operational</i> | Campaigns were conducted in October 2012 | N/A | N/A |
| | | | <i>Operational</i> | | | |

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4.8 Performance highlights for Municipal Transformation and Institutional Development

| Objective | Performance Indicator | Baseline | Annual Target | Actual Performance | Reasons for variance (under / over performance) | Corrective measures |
|--|--|------------|----------------------------|---|---|---|
| Achieve Positive Employee Climate | Employee Satisfaction Survey conducted | New | December 2012 | The employee satisfaction survey was conducted | N/A | N/A |
| Achieve Positive Employee Climate | <i>Budget (R)</i> % of staff turnover | 6.67% (9) | <i>R180 000</i> 0% | 0.06% staff turnover | N/A | N/A |
| Achieve Positive Employee Climate | <i>Budget (R)</i> % implementation of the outcome of the employee satisfaction survey | New | <i>Operational</i> 100% | 50% implementation of the outcome of the employee satisfaction survey | The outcome of employee satisfaction survey was not fully achieved due to lack of funds | The outcome of employee satisfaction survey will be done in the next financial year |
| Promote Accountable & Efficient Administration | <i>Budget (R)</i> Fleet Management System | New | <i>Operational</i> TOR | All vehicle of the municipality are installed with tracking device system | N/A | N/A |
| Promote Accountable & Efficient Administration | <i>Budget (R)</i> Number of Disciplinary Cases resolved/concluded | 2 | <i>N/A</i> 2 | <i>N/A</i> 1 disciplinary case in place but was not resolved | <i>N/A</i> Due labour technicalities | <i>N/A</i> The council is currently dealing with one disciplinary Case and is expected to be finalized in the next quarter |
| | <i>Budget (R)</i> | <i>N/A</i> | <i>N/A</i> | <i>N/A</i> | <i>N/A</i> | <i>N/A</i> |

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CHAPTER 5 MUNICIPAL FINANCIAL VIABILITY

5.1 Introduction

The financial viability and management of municipalities is central to building sustainable and effective municipalities.

Ratlou Local municipality is predominantly rural in nature. It has no tax base except for rateable properties in terms of the Property Rates Legislation. There is however a great potential to proclaim certain portions of land which have been given to the municipality by Dikgosi.

The existence of the mines in the area indicates a good chance for the municipality in future to be semi-urbanised and develop built-up areas. The municipality owns a shopping complex which is currently under-managed. The aim is to rehabilitate the complex into a mixed type development in order to leverage its commercial potential.

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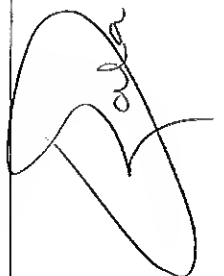
5.2 Key Financial Highlights

5.2.1 Debtors Age Analysis by Income Source

| Detail | 0-365 days | 365-60 days | 61-90 days | 91-120 days | 121-180 days | 181-365 days | Current | Total Charges | Est. Days |
|--------------------------|---------------|---------------|--------------|----------------|--------------|--------------|----------------|---------------|-----------|
| Rental | R898,920.00 | R126,354.00 | R104,546.00 | R108,282.00 | R112,283.00 | R154,048.00 | R1,504,432.00 | R 0.00 | |
| Consumer rates and Taxes | R2,988,903.00 | R2,784,085.00 | R 194,612.00 | R 198,570.00 | R 194,612.00 | R 196,440.00 | R 6,557,222.00 | R5,521,237.00 | |
| Total Income by source | R3,887,823.00 | R2,910,439.00 | R299,158.00 | R19,965,282.00 | R306,895.00 | R350,488.00 | R1,504,432.00 | R5,521,237.00 | |

5.2.2 Investment Portfolio Analysis

| | | Transfers | Interest Received | Withdrawals | Bank Charges | |
|---|----------------|----------------|-------------------|-----------------|--------------|-------------|
| Money Market, AC No: 62032709993 | R2,468,791.43 | 63,094,960.12 | R738,815.55 | R66,300,000.00 | R 828.60 | R 1,738.50 |
| Sports & Culture Account: AC No: 62159137978 | R 93,806.72 | R 0.00 | R1,153.40 | R94,960.12 | R 0.00 | R 0.00 |
| Infrastructure Account, 62159138299 | R 1,252,584.53 | R19,500,000.00 | R528,600.32 | R 21,200,000.00 | R 35.00 | R 81,149.85 |

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5.3 Grants Received

The Grants that are promulgated in the Government Gazette (NO. 32882) for transfers to the Ratlou Local Municipality were received as follows:

| GRANT ALLOCATION | JAN 2014 | FEB 2014 | MAR 2014 | APR 2014 | MAY 2014 | JUN 2014 | JUL 2014 | AUG 2014 | SEP 2014 | OCT 2014 | NOV 2014 | DEC 2014 | TOTAL |
|---|------------|----------|------------|-----------|----------|----------|----------|----------|----------|----------|-----------|----------|------------|
| Equitable Share Allocation | 63,937,000 | | 28,024,000 | | | | | | | | | | 17,065,000 |
| Schedule (3) | | | | | | | | | | | | | |
| Recurrent Allocation Schedule (5) | | | | | | | | | | | | | |
| Local Government Financial Man. Grant | 1 500 000 | | 1,500,000 | | | | | | | | | | |
| Municipal Systems Improvement Programme | 800, 000 | | | 800,000 | | | | | | | | | |
| Municipal Health service | | | | | | | | | | | | | |
| Community Service | | | | | | | | | | | | | |
| NHC Grant | 149 682 | | | | | | | | | | | | 149 682 |
| IG SETA | 143,378 | | 17,751 | | | | | | | 53,632 | 22,653 | | 29,006 |
| District : Free Basic Services (Water) | | | | | | | | | | | | | |
| Rent | | | | | | | | | | | | | |
| Own Revenue (Investment) | | | | | | | | | | | | | |
| Library Grant | 750 000 | | | | | | | | | | | 750,000 | |
| Infrastructure Allocation (Schedule (6) | | | | | | | | | | | | | |
| Local Economic Dev. Prog. Grant | | | | | | | | | | | | | |
| Valuation Roll | | | | | | | | | | | | | |
| Municipal Infrastructure Grants | 21,923,000 | | 8,300,000 | | | | | | | | 9,123,000 | | 4,500,000 |
| MIG - Additional Funds | | | | | | | | | | | | | |
| Rural Housing Projects/Roll | | | | | | | | | | | | | |
| Sports ,Arts & Culture | | | | | | | | | | | | | |
| Allocations- In- kind (Schedule 7) | | | | | | | | | | | | | |
| EPWP Grant | 1,053,000 | | | 400,000 | | | | 600,000 | | | | | 53,000 |
| Water Ser. Projects(DWARF) | | | | | | | | | | | | | |
| TOTAL | 87,056,378 | | 37,841,751 | 1,200,000 | | | | 600,000 | | | 9,123,000 | 22,653 | 21,618,000 |
| | | | | | | | | | | | | | 29,006 |
| | | | | | | | | | | | | | 20,337 |

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5.4. Performance Highlights of Municipal Financial Viability

| Objective | Performance Indicator | Baseline | Annual Target | Actual Performance | Reasons for variance (under / over performance) | Corrective measures |
|----------------------------|---|------------------------|-------------------------------|--|---|---|
| Improve Asset Management | Asset register updated | Register in place | Quarterly | The asset register was updated quarterly | N/A | N/A |
| Improve Asset Management | Number of reports on the status of assets | New | Operational 4 | 4 reports were compiled on the status of assets | N/A | N/A |
| Improve Asset Management | Number of meetings of the asset committee | New | Operational 2 | 2 asset committee meetings were held | N/A | N/A |
| Achieve Clean Audit | Number of Asset verifications conducted | New | Operational 4 | 4 asset verifications were conducted | N/A | N/A |
| Achieve Clean Audit | Training conducted on audit matters | New | Operational March 2013 | No training was conducted on audit matters | Due to lack of capacity | To be addressed in next financial year |
| Achieve Clean Audit | New record management system installed | Manual system in place | Operational TOR March 2013 | No record management system was installed | Financial constraints | To be addressed in next financial year |
| Achieve Clean Audit | Number of reconciliations conducted | 12 | Operational 12 | 12 reconciliations were conducted | N/A | N/A |
| Achieve Clean Audit | Timeous compilation of all registers | New | Operational As per manuals | 100% compilation of all registers | N/A | N/A |
| Enhance Revenue Collection | Credit Control Policy Reviewed | Policy in place | Operational January 2013 | The credit control policy was 100% reviewed | N/A | N/A |
| Enhance Revenue Collection | Indigent Policy Reviewed | New | Operational August 2012 | The indigent policy was 100% reviewed | N/A | N/A |
| Enhance Revenue Collection | Number of reports on the indigent registration and verification | New | Operational monthly | No report on the indigent registration and verification was compiled | There was a challenge from Eskom for configuring of indigents beneficiaries | The matter to be resolved between Eskom and Municipality in the next financial year |

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| Objective | Performance Indicator | Baseline | Annual Target | Actual Performance | Reasons for variance (under / over performance) | Corrective measures |
|----------------------------|--|-----------------|-------------------------------------|---|---|---|
| Enhance Revenue Collection | % reduction of bad debts | 23% | 80% | 41% reduction of bad debts | a) The unit was understaffed; b) Property rates collection was not yet implemented; and c) Slow payments by debtors | The service provider has been appointed to assist with the collection of municipal debts |
| Enhance Revenue Collection | <i>Budget (R)</i> Investment policy and plan revised | Policy in place | <i>Operational</i> January 2013 | The investment policy and plan was revised | N/A | N/A |
| Enhance Revenue Collection | <i>Budget (R)</i> Data Cleansing conducted | Jan 2012 | <i>Operational</i> December 2012 | Data cleansing was launched and is in operation | N/A | N/A |
| Enhance Revenue Collection | <i>Budget (R)</i> VAT reconciliation Report submitted | New | <i>Operational</i> Monthly | 12 monthly Value Added Tax (VAT) reconciliation reports were compiled and submitted to SARS | N/A | N/A |
| Enhance Revenue Collection | <i>Budget (R)</i> Number of Awareness programmes on Revenue Enhancement | New | 4 | No awareness programmes on revenue enhancement were done | Lack of capacity in the Revenue Unit | The Manager of the Unit is back from the leave and the unit has since been capacitated. The Strategy will firstly be adopted by September 2013 before the awareness programmes can take place |
| | <i>Budget (R)</i> | | <i>Operational</i> | | | |




5.4. Performance Highlights of Municipal Financial Viability

| Objective | Performance Indicator | Baseline | Annual Target | Actual Performance | Reasons for variance (under / over performance) | Corrective measures |
|----------------------------------|--|--|-------------------------------------|--|--|---|
| Enhance Revenue Collection | Number of workshop on Property Act for consumers conducted | New | 2 | No workshop was conducted on property act for consumers | The consultative meeting with DLGTA, union representatives, service provider of valuation roll & municipality had to first take place to iron out few issues | Meeting took place with union representatives and the workshop will follow in the next financial year |
| Enhance Revenue Collection | <i>Budget (R)</i> Supplementary valuation conducted | New | <i>Operational</i> December 2012 | Supplementary valuation roll was conducted | N/A | N/A |
| Promote Financial Accountability | <i>Budget (R)</i> % of municipal budget actually spent on capital projects for the 2012/2013 financial year | | <i>Operational</i> 100% | 92% municipal capital budget actually spent on capital projects | Slow procurement processes | To ensure that the contractors are finished by 30 June 2013 |
| Promote Financial Accountability | <i>Budget (R)</i> 2011/2012 Annual Financial Statements consolidated | 2010/2012 Audited Financial Statements | R21 923 000 August 2012 | 2011/12 Annual Financial Statements were 100% consolidated | N/A | N/A |
| Promote Financial Accountability | <i>Budget (R)</i> Development of Procurement Plan | New | R700 000 August 2012 | Procurement Plan developed; however it is not finalised | Management discussions on the finalisation of Procurement plan to be submitted for approval | Procurement Plan to be finalized and approved in the next financial year |
| Promote Financial Accountability | <i>Budget (R)</i> Number of reports on supply chain management | 4 | <i>Operational</i> 4 | 4 reports on supply chain were compiled | N/A | N/A |
| Promote Financial Accountability | <i>Budget (R)</i> Number of reports on the financial state of the municipality | 4 | <i>Operational</i> 4 | 4 reports on the financial state of the Municipality were compiled | N/A | N/A |
| | <i>Budget (R)</i> | | <i>Operational</i> | | | |

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5.4. Performance Highlights of Municipal Financial Viability

| Objective | Performance Indicator | Baseline | Annual Target | Actual Performance | Reasons for variance (under / over performance) | Corrective measures |
|--|--|----------------------------------|--|--|---|--|
| Promote Financial Accountability | Training conducted on supply chain management and MFMA | 1 | 1 March 2013 | No training was conducted on supply chain management and MFMA | Due to lack of capacity | To be addressed in the new financial year |
| | <i>Budget (R)</i> | | <i>Operational</i> | | | |
| Promote Financial Accountability | % Reduction in irregular and unauthorised expenditure | 80% | 100% | 0% reduction in irregular and unauthorised expenditure | Due to non-compliance by Departments | Check list in place to improve the situation |
| | <i>Budget (R)</i> | | <i>Operational</i> | | | |
| Promote Financial Accountability | Number of budget statements submitted | 12 | 12 | 12 budget statements were compiled and submitted to council | N/A | N/A |
| | <i>Budget (R)</i> | | <i>Operational</i> | | | |
| Promote Financial Accountability | Timeous payment of salary | New | Salary Payment on the 25th of each month | Salary were 100% paid on time on the 25 th of each month | N/A | N/A |
| | <i>Budget (R)</i> | | <i>Operational</i> | | | |
| To promote accountability & transparency | 2011/2012 Annual Financial Statements Submitted to the Office of the Auditor General Submitted | Submitted 2010/2011 AFS | 30 Sept 2012 | 2011/12 Annual Financial Statements were submitted to the Office of the Auditor General on the 31 August 2012 Furthermore the audit plan was discussed and the Municipality cooperated during the audit processes | N/A | N/A |
| | <i>Budget (R)</i> | | <i>Operational</i> | | | |
| To promote accountability & transparency | 2013/14 Budget approved by council | 2012/13 Budget approved | 31 May 2013 | The budget process plan was adopted; budget priorities were developed; the draft 2013/14 budget was developed and lastly the 2013/14 final budget was approved by council on the 31 st May 2013 | N/A | N/A |
| | <i>Budget (R)</i> | | <i>Operational</i> | | | |
| To promote accountability & transparency | Approved Budget Related Policies | 2012/13 Budget Policies Approved | 31 May 2012 | The budget related policies were approved and published | N/A | N/A |
| | <i>Budget (R)</i> | | <i>Operational</i> | | | |

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5.4. Performance Highlights of Municipal Financial Viability

| Objective | Performance Indicator | Baseline | Annual Target | Actual Performance | Reasons for variance (under / over performance) | Corrective measures |
|--|---|------------------------------------|-------------------|---|---|---------------------|
| To promote accountability & transparency | Adjustment Budget of 2012/2013 Approve by Council | 2011/12 Adjustment budget approved | 31-Jan-13 | The budget analysis report was compiled and lastly the adjustment budget of the 2012/13 financial year was approved by council on the 31 January 2013 | | |
| To promote accountability & transparency | Budget (R) Number of Section 71 Reports submitted to the Mayor and other authorities | Quarterly | Operational 12 | 12 section 71 reports were submitted to the mayor and other authorities | N/A | N/A |
| | Budget (R) | | Operational | | | |



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AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

CHAPTER 6: AUDIT REPORT

REPORT OF THE AUDITOR-GENERAL TO THE NORTH WEST PROVINCIAL LEGISLATURE AND THE COUNCIL OF RATLOU LOCAL MUNICIPALITY

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the financial statements of the Ratlou Local Municipality set out on pages 78 to 135 which comprise the statement of financial position as at 30 June 2013, the statement of financial performance, statement of changes in net assets and the cash flow statement for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP), the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2012 (Act No. 5 of 2012) (DoRA) and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the *General Notice* issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for qualified opinion

Unauthorised expenditure

6. Section 125(2)(d)(i) of the MFMA requires disclosure of all material unauthorised expenditure. Unauthorised expenditure of R1 782 355 incurred during the year due to overspending on votes have not been included in the unauthorised expenditure disclosed in note 30.3 to the financial statements. Furthermore, unauthorised expenditure of R11 486 015 incurred in the current year was incorrectly disclosed as "condoned" without following the process prescribed by section 32 of the MFMA. Consequently, I was unable to determine whether any adjustments to unauthorised expenditure disclosed in note 30.3 of the financial statements were necessary.

Irregular expenditure

7. Section 125(2)(d)(i) of the MFMA requires disclosure of all material irregular expenditure. Contrary to this requirement, payments made in contravention of the supply chain management regulations were not disclosed as irregular expenditure. I was unable to determine the full extent of irregular expenditure or confirm by alternative means. Furthermore, irregular expenditure of R34 128 512 incurred in the current year, was incorrectly disclosed as "condoned" without following the process prescribed by section 32 of the MFMA. Consequently, I was unable to determine whether any adjustments on irregular expenditure disclosed in note 30.2 to the financial statements were necessary.

Qualified opinion

8. In my opinion, except for the effects of the matters described in the basis for qualified opinion paragraphs, the financial statements present fairly, in all material respects, the financial position of the Ratlou Local Municipality as at 30 June 2013 and the financial performance and cash flows for the year then ended in accordance with SA Standards of GRAP and the requirements of the MFMA and the DoRA.

Emphasis of matters

9. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Restatement of corresponding figures

10. As disclosed in note 28 to the financial statements, the corresponding figures for 2012 have been restated as a result of an error discovered during 2013 in the financial statements of the Ratlou Local Municipality at, and for the year ended 31 March 2012.

Material impairments

11. As disclosed in note 2 to the financial statements, a material impairment of R7 938 413 was incurred as a result of the impairment of trade debtors.



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Material underspending of conditional grants

12. As disclosed in notes 17.4 and 17.9 to the financial statements, the municipality has materially underspent the Municipal Infrastructure Grant by R7 545 120 and the Ngaka Modira Molema District Municipality Grant by R2 712 757. As a consequence, the municipality has not achieved its objectives with regards to the purposes of the grants.

Additional matter

13. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Unaudited supplementary schedules

14. The supplementary information set out on pages [136] to [140] does not form part of the financial statements and is presented as additional information. I have not audited these annexures and, accordingly, I do not express an opinion thereon.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

15. In accordance with the PAA and the *General Notice* issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.


Predetermined objectives

16. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages ... to ... of the annual report.
17. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury annual reporting principles and whether the reported performance is consistent with the planned development objectives. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the National Treasury framework for managing programme performance information (FMPPI).
18. The reliability of the information in respect of the selected development objectives is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).
19. The material findings are as follows:

Usefulness of information

20. The Municipal Systems Act 32 of 2000 (MSA), section 41(c) for municipalities requires that the integrated development plan should form the basis for the annual report, therefore requiring consistency of objectives, indicators and targets between planning and reporting documents. A total of 23% of the reported targets are not consistent with the targets as per the approved integrated development plan. This is due to the fact that management was aware of the requirements of MSA section 41(c) but did not receive the necessary training to enable application of the principles.



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21. The FMPPI requires that indicators should have clear unambiguous data definitions so that data is collected consistently and is easy to understand and use. A total of 52% of the indicators were not well defined in that clear, unambiguous data definitions were not available to allow for data to be collected consistently. This was due to the fact that management was aware of the requirements of the FMPPI but did not receive the necessary training to enable application of the principles.

Reliability of information

22. The FMPPI requires that institutions should have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets. Significantly important targets with respect to development priorities "Basic Service Delivery and Infrastructure Development" and "Local Economic Development" are not reliable when compared to the source information and/or evidence provided. This was due to the lack of frequent review of validity of reported achievements against source documentation.

Additional matter

23. I draw attention to the following matter below. This matter does not have an impact on the predetermined objectives audit findings reported above.

Achievement of planned targets

24. Of the total number of 193 targets planned for the year, 78 of targets were not achieved during the year under review. This represents 41% of total planned targets that were not achieved during the year under review. This was mainly due to the fact that indicators and targets were not suitably developed during the strategic planning.

Compliance with laws and regulations

25. I performed procedures to obtain evidence that the municipality has complied with applicable laws and regulations regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key applicable laws and regulations as set out in the *General Notice* issued in terms of the PAA are as follows.

Strategic planning and performance management

26. The annual performance report for the year under review did not include the performance of each external service provider, as required by section 46 (1)(a) of the MSA.
27. The municipality did not have and maintain effective, efficient and transparent systems of internal controls regarding performance management as required by section 62(1)(c)(i) of the MFMA.
28. The performance management system of the municipality did not provide for taking steps to improve performance with regard to those development priorities and objectives where performance targets are not met, as required by section 41 (1)(d) of the MSA.



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Budget

29. Expenditure was incurred in excess of the limits of the amounts provided for in the votes of the approved budget, in contravention of section 15 of the MFMA.

Financial statements and annual performance report

30. The financial statements submitted for audit were not in all material respects prepared in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of prepayments, related parties, trade and other receivables, trade and other payables, property plant and equipment, VAT, Revenue, unspent conditional grants and provisions identified by the auditors in the submitted financial statements were subsequently corrected, but the uncorrected material misstatements resulted in the financial statements receiving a qualified audit opinion.

Audit committee

31. The audit committee did not assess the effectiveness of the internal audit function, including compliance with the Institute of Internal Auditors' Standards for the professional practice of internal audit as per paragraph 12 of the audit committee charter.

Expenditure management

32. The accounting officer did not take effective steps to prevent unauthorised, irregular and fruitless and wasteful expenditure, as required by section 62(1)(d) of the MFMA.
33. Money owed by the municipality was not always paid within 30 days or an agreed period, as required by section 65(2)(e) of the MFMA.

Conditional grants

34. Unspent conditional grants were not surrendered to the National Revenue Fund as required by section 21 of the DORA.

Procurement and contract management

35. Contracts and quotations were awarded to bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by supply chain management regulation 13(c).
36. Goods and services with a transaction value of below R200 000 were procured without obtaining the required price quotations as required by supply chain management regulation 17(a) & (c).
37. Evaluation of awards above R30 000 in terms of requirements of Preferential Procurement Regulations, 2011(PPR) regulation 4(3) and 5 was not always done.
38. Awards were made to providers who are persons in service of other state institutions or whose directors/ principal shareholders are persons in service of other state institutions, in contravention of supply chain management regulation 44.
39. Awards were made to providers whose directors/ principal shareholders are close family member of the persons in the service of the municipality, in contravention of supply chain management regulation 44.



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40. Management did not regularly analyse the cost effectiveness of creating a permanent capacity or training existing own staff versus using a consultancy, while ensuring continuity and service delivery as required by Practice Note 3 of 2003 paragraph 1.5.
41. Construction contracts were awarded to contractors does not have suitable grading for the construction contracts awarded to them, in accordance with Construction Industry Development Board (CIDB) regulation 21.
42. Construction projects were not always advertised on the CIDB website, as required by CIDB regulation 24.
43. Competitive bidding was advertised less than 30 days in contravention with supply chain management regulation section 22.
44. Bid specifications were not always done for each instance of procurement of goods or services by the municipality as required supply chain management regulation 27.

Consequence management

45. Unauthorised, irregular and fruitless and wasteful expenditure incurred by the municipality was not investigated to recover from the person liable, in accordance with the requirements of section 32(2) of the MFMA.
46. The condoning of irregular expenditure was not approved by the appropriate authority, in accordance with the requirements of sections 1 and 170 of the MFMA.
47. Council certified the unauthorised, irregular and fruitless and wasteful expenditure as irrecoverable without conducting an investigation by council committee to determine the recoverability of the expenditure, as required by section 32(2) of the MFMA.

Waste management

48. The municipality operated its waste disposal sites(s) and wastewater treatment facilities without a license or permit in contravention of section 20(b) of the National Environmental Management Waste Act, 2008 (Act No. 59 of 2008) (NEMWA), section 24(2)(a) of the National Environmental Management Act, 1998 (Act No. 107 of 1998) (NEMA), section 20(1) of the Environmental Conservation Act, 1989 (Act No. 73 of 1989) (ECA) and section 22(1)(b) of the National Water Act, 1998 (Act No. 36 of 1998) (NWA).
49. The municipality's operational activities at its waste disposal sites(s) and wastewater treatment facilities contravened or failed to comply with the requirements of a waste management permit or license and the regulatory provisions in terms of section 67(1)(f)&(h) of the NEMWA and section 29(4) of the ECA in instances where such were issued.
50. The municipality's waste management and disposal activities contravened or failed to comply with the requirements of section 28(1) of the NEMA, section 19 of the NWA and sections 16(1)(c)&(d) and 26(1)(b) of the NEMWA.

Internal control

51. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with laws and regulations. The matters reported below under the fundamentals of internal control are limited to the significant deficiencies that resulted in the findings on the annual performance report and the findings on compliance with laws and regulations included in this report.



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Leadership

52. The leadership did not sufficiently exercise oversight over financial and performance reporting, monitoring of compliance with laws and regulations and related internal controls whilst policies and procedures did not adequately guide financial and performance activities and action plans to address prior year audit findings. Furthermore, policies and procedures are not adequately communicated, to ensure that all officials understand the operations of the municipality and can implement the procedures as required.

Financial and performance management

53. The accounting officer did not implement proper record keeping in a timely manner to ensure that documentation is accessible and available to support financial reporting. Management's internal controls and processes over the preparation and presentation of financial statements were not able to ensure that the financials were free from material misstatements. Management failed to design and implement formal controls to review and monitor performance management and compliance with applicable laws and regulations.

Governance

54. The risks identified during the risk assessment process relating to financial and performance reporting and compliance with laws and regulations were not adequately addressed in the risk management strategy adopted by the municipality. The audit committee did not adequately provide oversight over the effectiveness of the internal control environment, including financial and performance reporting and compliance with laws and regulations.

OTHER REPORTS

Investigations

55. Investigations to probe the procurement of goods and services, theft and malicious damages to municipal property in the prior years, are being conducted by the Hawks. The investigations are still ongoing at the reporting date.

Rustenburg

30 November 2013

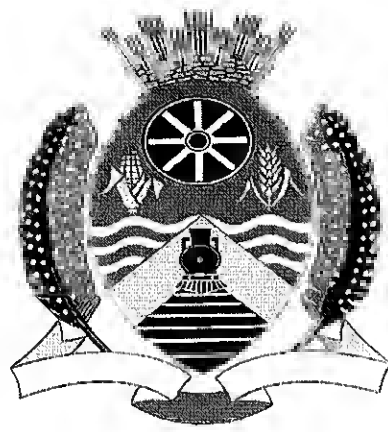


AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence



Bals 30/01/2014



RATLOU LOCAL MUNICIPALITY

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**


[Signature] 30/01/2014

Annual Financial Statements
for
Ratlou Local Municipality
for the year ended 30 June 2013

Province:

North West

| Contact Information: | |
|--|-------------------------------------|
| Name of Municipal Manager: | Glen Lekomanyane |
| | |
| Name of Chief Financial Officer: | Patience Leburu |
| Contact telephone number: | 018 330 7000 |
| Contact e-mail address: | patience@ratlou.gov.za |
| | |
| Name of contact at provincial treasury: Chief Director | Linda Ramathape |
| Contact telephone number: | 018 388 2575 |
| Contact e-mail address: | Lramathape@nwpg.gov.za |
| | |
| Name of relevant Auditor: | Auditor General(NompakamoMatanzima) |
| Contact telephone number: | 014 597 9715 / 0836080971 |
| Contact e-mail address: | NompakamoM@agsa.co.za |
| | |
| Name of contact at National Treasury: | SadeshRamjathan |
| Contact telephone number: | 012 315 5009 |
| Contact e-mail address: | sadesh.ramjathan@treasury.gov.za |

 30/01/2014

Ratlou Local Municipality
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2013

General information

Members of the Council

| | |
|------------------------|-----------------------------------|
| V.P Mance | Mayor |
| M.R. Mongala | Speaker |
| P.P. Mokgosi | Member of the Executive Committee |
| J. Mongale/ A Matebele | Member of the Executive Committee |
| M. Kumalo | Member of the Executive Committee |
| K.V Shomolekae | Member of the Executive Committee |
| M Bank | Member of the Executive Committee |
| G Boikanyo | Member (MPAC Chairperson) |
| J.Lebelela | Member |
| M.Sedia | Member |
| L Boikanyo | Member |
| D.Ditau | Member |
| M.I Lentswe | Member |
| M Kobela | Member |
| G Ncoane | Member |
| K.M. Leepile | Member |
| J Gaobotse | Member |
| O Seabelo | Member |
| L Bees | Member |
| D Rankokwadi | Member |
| S Lekukane (Deceased) | Member |
| D Molaolwa | Member |
| M Dala | Member |
| F Galetlhobogwe | Member |
| F Moshweu | Member |
| L Sekwati | Member |
| K.Gaosirwe | Member |

Municipal Manager

G Lekomanyane

Chief Financial Officer


Mrs Patience Leburu

Grading of Local Authority

Grade 1 (NW 381)

Auditors

Auditor-General

 30/01/2014

Bankers

First National Bank: Stella Branch

Registered Office:

Municipal Offices

Physical address:

DeLareyville Road
Next to Setlagole Library
Setlagole

Postal address:

Private Bag X209
Madibogo
2772

P O Box 494
Stella
8650

Telephone number:


018 330 7000

Fax number:

018 330 7047

E-mail address:

patience@ratlou.gov.za

 30/01/2014

Ratlou Local Municipality
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2013


**Approval of annual financial
statements**

I am responsible for the preparation of these annual financial statements, which are set out on pages 6 to 62, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in note 19 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

Accounting Officer

31-Aug-2013

 30/01/2014

Ratlou Local Municipality
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June

**REPORT OF THE CHIEF FINANCIAL
OFFICER**

1. INTRODUCTION

These annual financial statements for 2012/13 have been prepared in accordance with Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

2. BUDGET

Council approved a capital budget of **R28 894 000** and operational budget of **R68 887 000** for the 2012/2013 financial year. A further amount of **R22 100 000** was approved in an adjustments budget

3. OPERATING RESULTS

Revenue for the current year has increased from **R83 218 384** in the previous year, to **R98 174 878** in the current years representing a 15% increase.

4. CAPITAL COMMITMENTS

Capital commitment decreased from **R13 518 934** to **R12 115 551** which represents a decrease of **10.38%**.

5. INVESTMENTS

On 30 June 2013 investments amounted to **R 82 910**. The amount decreased with **R 3 732 273** from the prior year, representing a **97.83%** decrease.

6. CASH

At 30 June 2013, cash amounted to **R 17 549 179**. The amount decreased with **R 12 833 423** from the prior year, representing a **42.24%** decrease.

7. PROVISIONS

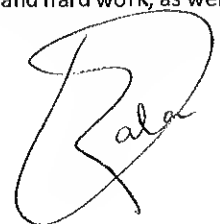
Provisions of **R 1 203 901.87** were made for in the 2012/13 financial year.

8. APPRECIATION

My appreciation goes to the Mayor, the Speaker, the Chief Whip, Councillors, the Municipal Manager, Executive Managers, Managers and the staff for their support and cooperation received during the year.


I wish to convey a special work of appreciation to all the staff members who assisted me during the compilation of the financial statements for their dedication and hard work, as well as to all the employees of Ratlou Local Municipality.

Chief Financial Officer
31-Aug-13

 30/01/2014

Ratlou Local Municipality
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June

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 30/01/2014

Ratlou Local Municipality
STATEMENT OF FINANCIAL POSITION
as at 30 June 2013

| | Note | 2013 R | 2012 R |
|--|------|--------------------|--------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | 1 | 17,069,527 | 24,830,660 |
| Trade and other receivables from exchange transactions | 2 | 123,191 | 126,325 |
| Other receivables from non-exchange transactions | 3 | 173,940 | 166,879 |
| VAT receivable | 9 | 16,415,574 | 10,323,850 |
| Inventories | 5 | 1,010,738 | 396,286 |
| Prepayments | 6 | - | 1,556,321 |
| Non-current assets | | | |
| Property, plant and equipment | 4 | 149,340,387 | 128,097,541 |
| Investment Property | 7 | 17,350,000 | 16,680,000 |
| Total assets | | 201,483,356 | 182,177,862 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Trade and other payables from exchange transactions | 8 | 10,537,761 | 5,589,286 |
| Current portion of unspent conditional grants and receipts | 10 | 10,257,876 | 9,255,797 |
| Current Provisions | 11 | 4,928 | 10,609 |
| Non-current liabilities | | | |
| Non-current provisions | 12 | 1,198,974 | 979,928 |
| Total liabilities | | 21,999,540 | 15,835,620 |
| Net assets | | 179,483,817 | 166,342,242 |
| NET ASSETS | | | |
| Accumulated surplus / (deficit) | 27 | 179,483,817 | 166,342,242 |
| Total net assets | | 179,483,817 | 166,342,242 |

Rala 30/01/2014


Ratlou Local Municipality
STATEMENT OF FINANCIAL PERFORMANCE
for the year ending 30 June 2013

| | Note | 2013 R | 2012 R |
|---|------|-------------------|-------------------|
| Revenue | | | |
| Property Rates | 15 | 3,107,484 | 2,035,765 |
| Rental of facilities and equipment | 13 | 786,972 | 718,928 |
| Interest earned | 14 | 4,337,736 | 1,989,064 |
| Government grants and subsidies | 17 | 89,104,298 | 78,323,805 |
| Other income | 16 | 838,387 | 150,821 |
| Total revenue | | 98,174,878 | 83,218,385 |
| Expenses | | | |
| Employee related costs | 18 | 30,321,621 | 23,410,931 |
| Remuneration of councillors | 19 | 8,414,401 | 7,540,625 |
| Bad debts | | 5,521,237 | 1,953,627 |
| Depreciation and amortisation expense | 20 | 6,511,907 | 5,817,737 |
| Finance Costs | | 21,789 | 15,178 |
| Repairs and maintenance | | 1,292,882 | 1,357,984 |
| Grants and subsidies paid | | - | 1,200,000 |
| Contracted services | 21 | 6,876,512 | 4,960,239 |
| General Expenses | 22 | 26,195,781 | 31,480,273 |
| Total expenses | | 85,156,129 | 77,736,594 |
| Gain / (loss) on sale of assets | 23 | (472,976) | (779,277) |
| Profit / (loss) on fair value adjustment | 24 | 670,018 | 2,412,636 |
| Inventories- (Write-down)/ reversal of write down to net realisable value | 5 | (74,216) | |
| Surplus / (deficit) for the period | | 13,141,575 | 7,115,150 |

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Ratlou Local Municipality
STATEMENT OF CHANGES IN NET ASSETS
as at 30 June 2013

| | Note | Accumulated Surplus/(Deficit) R | Total: Net Assets R |
|------------------------------------|---------|---------------------------------------|------------------------|
| Balance at 30 June | 2011 | 158,761,349 | 158,761,349 |
| Surplus / (deficit) for the period | | 7,115,150 | 7,115,150 |
| Correction of Prior Year Error | 28 | 465,745 | 465,745 |
| Balance at 30 June | 2012 | 166,342,244 | 166,342,244 |
| Surplus / (deficit) for the period | | 13,141,575 | 13,141,575 |
| Balance at 30 June | 2013 28 | <u>179,483,819</u> | <u>179,483,819</u> |

 30/06/2014

Ratlou Local Municipality
CASH FLOW STATEMENT
as at 30 June 2013

| CASH FLOWS FROM OPERATING ACTIVITIES | Note | 2013 | 2012 |
|---|-------------|----------------------------|----------------------------|
| Receipts | | R96,569,420 | R84,463,264 |
| Sales of goods and services | | 490,904 | 1,049,619 |
| Grants | | 93,427,545 | 81,273,759 |
| Interest received | | 1,812,583 | 1,989,064 |
| Other receipts | | 838,387 | 150,821 |
| Payments | | 76,035,350 | 72,667,626 |
| Employee costs | | 37,866,002 | 30,234,446 |
| Suppliers | | 38,147,559 | 41,218,002 |
| Interest paid | | 21,789 | 15,178 |
| Other payments | | - | 1,200,000 |
| Net cash flows from operating activities | 25 | <u>20,534,069</u> | <u>11,795,638</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of fixed assets | | (28,295,204) | (20,869,809) |
| Proceeds from sale of fixed assets | | - | 734,240 |
| Net cash flows from investing activities | | <u>(28,295,204)</u> | <u>(20,135,569)</u> |
| Net increase / (decrease) in net cash and cash equivalents | | (7,761,135) | (8,339,931) |
| Net cash and cash equivalents at beginning of period | | <u>24,830,661</u> | <u>33,170,593</u> |
| Net cash and cash equivalents at end of period | 26 | <u>17,069,527</u> | <u>24,830,662</u> |



Ratlou Local Municipality

ACCOUNTING POLICIES

for the year ending 30 June

1 BASIS OF ACCOUNTING

1.1 BASIS OF PRESENTATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

These annual financial statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board and Municipal Finance Management Act, (Act No 56 of 2003).

The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant policy.

1.2 PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.


1.3 GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next 12 months.

1.4 COMPARATIVE INFORMATION

Budget information in accordance with GRAP 1 and 24, has been provided in an annexure to these financial statements and forms part of the audited annual financial statements.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

 30/01/2014

1.5 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

| <i>GRAP Standard</i> | <i>Effective date as determined by Minister of Finance</i> | <i>Possible impact on the financial statements on initial application</i> |
|--|--|---|
| GRAP 18 - Segment Reporting | Unknown | Disclosure and presentation of specific and detailed information about the major activities (service and geographical) undertaken by the municipality, along with the resources allocated to these activities |
| GRAP 20 - Related Party Disclosures | Unknown | Full disclosure of nature and effect all related party transactions of management, their close members of family, |
| GRAP 23 - Revenue from non-exchange transactions | 1-Apr-12 | Full disclosure of nature and effect of revenue from non-exchange transactions |
| GRAP 25 - Employee Benefits | Unknown | Full disclosure on employee short term benefits (undiscounted), post retirement benefits (discounted) including actuarial assumptions |
| GRAP 26 - Impairment of cash generating assets | 1-Apr-12 | Full disclosure of nature and effect of impairment on cash generating assets |
| GRAP 27 - Agriculture | Replaces GRAP 101 | Full disclosure of nature and effect of agricultural assets |
| GRAP 31 - Intangible Assets | Replaces GRAP 102 | Full disclosure of nature and effect of Intangible Assets |
| GRAP 32- Service Concession: Grantor | Issued but not effective | Full disclosure of nature and effect on Revenue and Liabilities |
| GRAP 105 - Transfer of functions between entities under common control | Unknown | Disclosure and presentation of each transaction that relates to a transfer of functions between two entities within the same sphere of government. |
| GRAP 106 - Transfer of functions between entities not under common control | Unknown | Disclosure and presentation of each transaction that relates to a transfer of functions between two entities not within the same sphere of government. |
| GRAP 107 - Mergers | Unknown | Full disclosure of the nature and effect of the two entities that are now combined through a merger. |
| GRAP 108 - Statutory Receivable | Unknown | Full disclosure of the nature and effect on statutory receivable |

Rala 30/05/2014

2 PROPERTY, PLANT AND EQUIPMENT

2.1 INITIAL RECOGNITION

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.


2.2 SUBSEQUENT MEASUREMENT - COST MODEL

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

2.3 DEPRECIATION AND IMPAIRMENT

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

 30/01/2014

| | | | |
|--|------|-----------|-------|
| Infrastructure | | | |
| Roads and Lights | | | 10-40 |
| Water Pipelines | | | 25-50 |
| Water Pumps, Purification and Reservoirs | | | 30-55 |
| Sewerage | | | 25-30 |
| Landfill | Site | Perimeter | |
| Protection and structures | | | 10-55 |
| Community | | | |
| Buildings | | | 30 |
| Recreational Facilities | | | 30 |
| Cemeteries | | | 30 |
| Halls | | | 30 |
| Libraries | | | 30 |
| Civic Buildings | | | 30 |
| Other assets | | | 15-30 |
| Other | | | |
| Buildings | | | 30 |
| Office equipment | | | 7 |
| Furniture and fittings | | | 7 |
| Emergency equipment | | | 5 |
| Computer equipment | | | 5 |
| Motor Vehicles | | | 5-10 |
| Other assets | | | 4-10 |

The residual value, the useful life of an asset and the depreciation method is reviewed annually and any changes are recognized as a change in accounting estimate in the Standard of Financial Performance.

The municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

2.4 DERECOGNITION

Items of Property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

3 INTANGIBLE ASSETS

3.1 INITIAL RECOGNITION

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licences, and development costs. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Paul 30/01/2014

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project; and
- it is probable that the municipality will receive future economic benefits or service potential.

> Intangible assets are initially recognised at cost.

> Where an intangible asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

> Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

3.2 SUBSEQUENT MEASUREMENT - COST MODEL

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

3.3 AMORTISATION AND IMPAIRMENT

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. The annual amortisation rates are based on the following estimated average asset lives:


Computer software

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

3.4 DERECOGNITION

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

 30/01/2014

4 INVESTMENT PROPERTY

4.1 INITIAL RECOGNITION

Investment property includes property (land or a building, or part of a building, or both land or buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

The cost of self-constructed investment property is the cost at date of completion.

4.2 SUBSEQUENT MEASUREMENT - FAIR VALUE MODEL

Investment property is measured using the fair value model. Under the fair value model, investment property is carried at its fair value at the reporting date. Any gain or loss arising from a change in the fair value of the property is included in surplus or deficit for the period in which it arises. Fair value determinations are carried out at regular intervals.

5 NON-CURRENT ASSETS HELD FOR SALE

5.1 INITIAL RECOGNITION


Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

5.2 SUBSEQUENT MEASUREMENT

Non-current assets held for sale (or disposal group) are measured at the lower of carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

 30/01/2014

6 INVENTORIES

6.2 INITIAL RECOGNITION

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

6.2 SUBSEQUENT MEASUREMENT

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.


7 FINANCIAL INSTRUMENTS

7.1 INITIAL RECOGNITION

Financial instruments are initially recognised at fair value.

7.2 SUBSEQUENT MEASUREMENT

Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to maturity, loans and receivables, or available for sale. Financial liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation and, in the absence of an approved GRAP Standard on Financial Instruments, is in accordance with IAS 39.

 30/01/2014

7.2.1 INVESTMENTS

Investments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are categorised as either held-to-maturity where the criteria for that categorisation are met, or as loans and receivables, and are measured at amortised cost. Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

7.2.2 TRADE AND OTHER RECEIVABLES

Trade and other receivables are categorised as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 12 months from the reporting date are classified as current.

An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.


7.2.3 TRADE PAYABLES AND BORROWINGS

Financial liabilities consist of trade payables and borrowings. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost which is the initial carrying amount, less repayments, plus interest.

7.2.4 CASH AND CASH EQUIVALENTS

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: loans and receivables.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

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8 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

9 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

10 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

11 PROVISIONS

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:



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(a) The municipality has a detailed formal plan for the restructuring identifying at least:

- the business or part of a business concerned;
- the principal locations affected;
- the location, function, and approximate number of employees who will be compensated for terminating their services;
- the expenditures that will be undertaken; and
- when the plan will be implemented; and

(b) The municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

12 LEASES

12.1 MUNICIPALITY AS LESSEE

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.


Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are accrued on a straight-line basis over the term of the relevant lease.

12.2 MUNICIPALITY AS LESSOR

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

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13 REVENUE

13.1 REVENUE FROM EXCHANGE TRANSACTIONS

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Interest revenue is recognised on a time proportion basis.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods is passed to the consumer.

13.2 REVENUE FROM NON-EXCHANGE TRANSACTIONS

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, a deferred income (liability) is recognised.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality.

13.3 GRANTS, TRANSFERS AND DONATIONS

14 BORROWING COSTS

15 RETIREMENT BENEFITS


Defined Contribution Plan

The municipality provides retirement benefits for its employees and councillors

Contributions to defined contribution retirement benefit plans are recognised as an expense when employees and councillors have rendered the employment service or served office entailing them to the contributions

16 IMPAIRMENT OF ASSETS

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

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Irrespective of whether there is any indication of impairment, the municipality also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.

The recoverable service amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An impairment loss is recognised for cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

- to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.


A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

17

HERITAGE ASSETS

17.1 INITIAL RECOGNITION

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

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A heritage asset recognised is initially measured at its cost. The cost of a purchased heritage asset comprises of its purchase price, including any costs directly attributable to bringing the heritage asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Where a heritage asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

17.2 SUBSEQUENT MEASUREMENT - COST MODEL

After recognition as an asset, a class of heritage assets shall be carried at its cost less any accumulated impairment losses

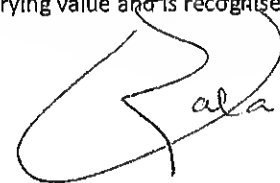
17.3 DEPRECIATION AND IMPAIRMENT

Heritage assets are not depreciated.

The municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of the heritage asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance

17.4 DERECOGNITION

Heritage assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of the heritage asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

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Ratlou Local Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

1. CASH AND CASH EQUIVALENTS

| Note | 2013 | 2012 |
|---|-------------------|-------------------|
| | R | R |
| Cash and cash equivalents consist of the following: | | |
| Cash on hand | 5,224 | 2,708 |
| Cash at bank | 17,130,904 | 24,893,328 |
| Credit Card | 0 | - |
| Petrol Card | (66,602) | (65,376) |
| | <u>17,069,527</u> | <u>24,830,660</u> |

Cash at bank

The Municipality has the following bank accounts: -

Current Account (Primary Bank Account)

First National Bank : Account Number 62023 653042

| | | |
|--|-------------------|-------------------|
| Cash book balance at beginning of year | <u>21,078,123</u> | <u>23,303,546</u> |
|--|-------------------|-------------------|

| | | |
|----------------------------------|-------------------|-------------------|
| Cash book balance at end of year | <u>17,047,994</u> | <u>21,078,123</u> |
|----------------------------------|-------------------|-------------------|

| | | |
|---|-------------------|-------------------|
| Bank statement balance at beginning of year | <u>30,382,602</u> | <u>28,898,029</u> |
|---|-------------------|-------------------|

| | | |
|---------------------------------------|-------------------|-------------------|
| Bank statement balance at end of year | <u>17,549,179</u> | <u>30,382,602</u> |
|---------------------------------------|-------------------|-------------------|

Call Deposit - Money Market Account

First National Bank : Account Number 62032 709993 @ 3.91% interest

| | | |
|--|------------------|------------------|
| Cash book balance at beginning of year | <u>2,468,814</u> | <u>4,026,820</u> |
|--|------------------|------------------|

| | | |
|----------------------------------|--------------|------------------|
| Cash book balance at end of year | <u>1,761</u> | <u>2,468,814</u> |
|----------------------------------|--------------|------------------|

| | | |
|---|------------------|------------------|
| Bank statement balance at beginning of year | <u>2,468,814</u> | <u>4,026,820</u> |
|---|------------------|------------------|

| | | |
|---------------------------------------|--------------|------------------|
| Bank statement balance at end of year | <u>1,738</u> | <u>2,468,791</u> |
|---------------------------------------|--------------|------------------|

Call Deposit - Sports, Arts and Culture Grant

First National Bank : Account Number 62159 137978 @ 3.41% interest

| | | |
|--|---------------|---------------|
| Cash book balance at beginning of year | <u>93,807</u> | <u>90,667</u> |
|--|---------------|---------------|



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Ratlou Local Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

| | | |
|----------------------------------|---|--------|
| Cash book balance at end of year | - | 93,807 |
|----------------------------------|---|--------|

| | | |
|---|---|---|
| Bank statement balance at beginning of year | - | - |
|---|---|---|

| | | |
|---------------------------------------|---|--------|
| Bank statement balance at end of year | - | 93,807 |
|---------------------------------------|---|--------|


Call Deposit - Infrastructure Grant
First National Bank : Account Number 62159138299 @ 3.91% interest

| | | |
|--|-----------|-----------|
| Cash book balance at beginning of year | 1,252,584 | 5,817,744 |
|--|-----------|-----------|

| | | |
|----------------------------------|--------|-----------|
| Cash book balance at end of year | 81,149 | 1,252,584 |
|----------------------------------|--------|-----------|

| | | |
|---|--------|-----------|
| Bank statement balance at beginning of year | 81,149 | 5,817,744 |
|---|--------|-----------|

| | | |
|---------------------------------------|--------|--------|
| Bank statement balance at end of year | 81,149 | 81,149 |
|---------------------------------------|--------|--------|

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Ratlou Local Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

Credit Card

First National Bank : 8812710003277006

| | | |
|---|-------|---|
| Cash book balance at beginning of year | - 322 | |
| Cash book balance at end of year | 0 | - |
| Bank statement balance at beginning of year | - 322 | |
| Bank statement balance at end of year | - | - |

Petrol Card

Wesbank : 80936

| | | |
|---|--------------|--------------|
| Cash book balance at beginning of year | (65,376) | - |
| Cash book balance at end of year | (66,602) | (65,376) |
| Bank statement balance at beginning of year | (65,376) | - |
| Bank statement balance at end of year | (66,602) | (65,376) |
| <u>Cash on hand</u> | 5,224 | 2,708 |

| | | |
|--|-------------------|-------------------|
| Total cash and cash equivalents | 17,069,527 | 24,830,660 |
|--|-------------------|-------------------|

2 TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS

| Gross Balances | Impairment of Receivable | Net Balance |
|-------------------|-----------------------------|----------------|
|-------------------|-----------------------------|----------------|

Trade receivables
as at 30 June 2013

| | | | |
|--------------|------------------|--------------------|----------------|
| Rates | 6,557,165 | (6,517,527) | 39,638 |
| Rental | 1,504,438 | (1,420,886) | 83,553 |
| Total | 8,061,604 | (7,938,413) | 123,191 |

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Ratlou Local Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

as at 30 June 2012

| | | | |
|--------------|------------------|--------------------|----------------|
| Rates | 3,173,877 | (3,160,391) | 13,486 |
| Rental | 1,292,736 | (1,179,897) | 112,839 |
| Total | 4,466,613 | (4,340,288) | 126,325 |

as at 30 June 2013

Rates: Ageing

| | | | |
|-----------------------|------------------|--------------------|---------------|
| Current (0 – 30 days) | 196,440 | (195,801) | 639 |
| 31 - 60 Days | 194,612 | (194,293) | 319 |
| 61 - 90 Days | 198,570 | (197,648) | 922 |
| 91 - 120 Days | 194,612 | (194,293) | 319 |
| 121 - 365 Days | 2,784,085 | (2,755,558) | 28,527 |
| + 365 Days | 2,988,903 | (2,979,934) | 8,969 |
| Total | 6,557,222 | (6,517,527) | 39,638 |

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Ratlou Local Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

| | | | |
|-----------------------|---------|-----------|--------|
| Current (0 – 30 days) | 154,048 | (120,293) | 33,755 |
| 31 - 60 Days | 112,283 | (108,543) | 3,740 |
| 61 - 90 Days | 108,282 | (104,846) | 3,435 |
| 91 - 120 Days | 104,546 | (104,369) | 177 |
| 121 - 365 Days | 126,354 | (107,972) | 18,382 |
| + 365 Days | 898,920 | (874,863) | 24,057 |

| | | | |
|--------------|------------------|--------------------|---------------|
| Total | 1,504,432 | (1,420,886) | 83,553 |
|--------------|------------------|--------------------|---------------|

Summary of Debtors by Customer Classification

| | | |
|----------------|-----------|-----------|
| 31 - 60 Days | 306,894 | 51,195 |
| 61 - 90 Days | 306,852 | 28,597 |
| 91 - 120 Days | 299,158 | 27,504 |
| 121 - 365 Days | 2,910,439 | 2,006,024 |
| + 365 Days | 3,887,823 | 2,261,260 |

| | | |
|-----------|-----------|-----------|
| Sub-total | 8,061,604 | 4,466,495 |
|-----------|-----------|-----------|

| | | |
|--------------------------------|-------------|-------------|
| Less: Impairment of Receivable | (7,938,413) | (4,340,288) |
|--------------------------------|-------------|-------------|

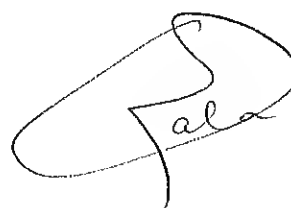
| | | |
|---|----------------|----------------|
| Total debtors by customer classification | 123,191 | 126,207 |
|---|----------------|----------------|

Reconciliation of the Impairment of Receivable

| | | |
|--|--------------------|--------------------|
| Balance at beginning of the year | (4,340,288) | (2,386,661) |
| Contributions to provision | (5,521,237) | (1,953,627) |
| Doubtful debts written off against provision | 1,923,112 | - |
| Reversal of provision | - | - |
| Balance at end of year | (7,938,413) | (4,340,288) |

3 OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

| | | | |
|------------------------------------|------|----------------|----------------|
| Fruitless and Wasteful Expenditure | 30.1 | - | - |
| Irregular Expenditure | 30.2 | - | - |
| Other debtors | | 173,940 | 166,879 |
| Total Other Debtors | | 173,940 | 166,879 |



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Ratlou Local Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

4 PROPERTY, PLANT AND EQUIPMENT

| 4.1 Reconciliation of Carrying Value | Land | Buildings | Infrastructure | Community | Heritage | Intangible assets | Other Assets | Total |
|--|-----------|-------------|----------------|--------------|----------|-------------------|--------------|--------------|
| | R | R | R | R | R | R | R | R |
| as at 1 July 2012 | 799,536 | 15,851,585 | 22,514,518 | 80,482,544 | - | 374,780 | 8,074,578 | 128,097,543 |
| Cost/Revaluation | 831,614 | 18,955,683 | 23,255,959 | 91,628,943 | - | 574,909 | 11,388,626 | 146,635,735 |
| Accumulated depreciation and impairment losses | (32,078) | (3,104,098) | (741,441) | (11,146,400) | - | (200,129) | (3,314,049) | (18,538,192) |
| Acquisitions | 184,140 | 1,773,695 | 683,429 | 1,557,341 | - | 848,843 | 4,043,219 | 9,090,667 |
| Capital under construction (capitalised) | - | - | - | - | - | - | - | - |
| Capital under Construction | - | 143,000 | 8,461,217 | 10,503,823 | - | - | - | 19,107,840 |
| Other | 29,224 | - | - | - | - | - | - | 29,224 |
| Movements* | (40,629) | (680,480) | (395,155) | (2,925,956) | - | (91,467) | (2,398,221) | (6,511,907) |
| Depreciation | (40,629) | (680,480) | (395,155) | (2,925,956) | - | (91,467) | (2,398,221) | (6,511,907) |
| Carrying value of disposals | - | - | - | - | - | - | (472,977) | (472,977) |
| Cost/Revaluation | - | - | - | - | - | - | (945,767) | (945,767) |
| Accumulated depreciation and impairment losses | - | - | - | - | - | - | 472,789 | 472,789 |
| Impairment loss/Reversal of Impairment loss | - | - | - | - | - | - | - | - |
| Transfers | - | - | - | - | - | - | - | - |
| as at 30 June 2013 | 972,271 | 17,107,800 | 31,264,009 | 89,617,552 | - | 1,132,156 | 9,246,599 | 149,340,388 |
| Cost/Revaluation | 1,044,978 | 20,872,378 | 32,400,805 | 103,689,908 | - | 1,423,752 | 14,486,079 | 173,917,699 |
| Accumulated depreciation and impairment losses | (72,707) | (3,764,578) | (1,136,596) | (14,072,355) | - | (291,596) | (5,239,480) | (24,577,311) |

Refer to Appendix A for more detail on property, plant and equipment

In terms of GRAP 17 management assessed the residual value and useful life of all property, plant and equipment. For the period under review the residual values of all property, plant and equipment (except for motor vehicles) were assessed at zero, as the economic life of these assets are greater than the useful life.

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Ratlou Local Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

| 4.2 | Reconciliation of Carrying Value | Land | Buildings | Infrastructure | Community | Heritage | Intangible assets | Other Assets | Total |
|-----|--|----------|-------------|----------------|--------------|----------|-------------------|--------------|--------------|
| | | R | R | R | R | R | R | R | R |
| | as at 1 July 2011 | 801,951 | 16,283,039 | 16,233,214 | 73,967,986 | - | 431,792 | 7,478,704 | 115,196,685 |
| | Cost/Revaluation | 801,951 | 18,756,158 | 16,598,183 | 82,475,249 | - | 488,689 | 9,741,614 | 128,861,844 |
| | Accumulated depreciation and impairment losses | - | (2,473,119) | (364,969) | (8,507,264) | - | (56,897) | (2,262,910) | (13,665,159) |
| | Acquisitions | - | 199,525 | 559,786 | 10,640,027 | - | 86,220 | 4,105,231 | 15,590,789 |
| | Capital under Construction (Capitalised) | - | - | - | (4,933,927) | - | - | - | (4,933,927) |
| | Capital under Construction Other | - | - | 6,097,990 | 3,447,594 | - | - | - | 9,545,584 |
| | Movements* | 29,663 | - | - | - | - | - | - | 29,663 |
| | Depreciation | (32,078) | (630,979) | (376,472) | (2,639,136) | - | (143,232) | (1,995,840) | (5,817,737) |
| | Carrying value of disposals | - | - | - | - | - | - | (1,513,517) | (1,513,517) |
| | Cost/Revaluation | - | - | - | - | - | - | (2,458,218) | (2,458,218) |
| | Accumulated depreciation and impairment losses | - | - | - | - | - | - | 944,702 | 944,702 |
| | Impairment loss/Reversal of impairment loss | - | - | - | - | - | - | - | - |
| | Transfers | - | - | - | - | - | - | - | - |
| | *Other movements | - | - | - | - | - | - | - | - |
| | as at 30 June 2012 | 799,536 | 15,851,585 | 22,514,518 | 80,482,544 | - | 374,780 | 8,074,578 | 128,097,541 |
| | Cost/Revaluation | 831,614 | 18,955,683 | 23,255,959 | 91,628,943 | - | 574,909 | 11,388,626 | 146,635,735 |
| | Accumulated depreciation and impairment losses | (32,078) | (3,104,098) | (741,441) | (11,146,400) | - | (200,129) | (3,314,049) | (18,538,194) |

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Ratlou Local Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

| | Note | 2013 | 2012 |
|---|------|------------------|-----------------|
| | R | R | |
| 5 INVENTORY | | | |
| Opening balance of inventories: | | 396,286 | 302,674 |
| Consumable stores - at cost | | 380,505 | 279,038 |
| Maintenance materials - at cost | | 15,781 | 23,636 |
| Additions: | | 1,454,326 | 476,112 |
| Consumable stores | | 934,327 | 451,333 |
| Maintenance materials | | 520,000 | 24,779 |
| Issued (expensed): | | -765,658 | -479,245 |
| Consumable stores | | -628,553 | -349,866 |
| Maintenance materials | | -137,106 | -32,634 |
| WRITE-DOWNS / REVERSAL OF WRITE-DOWNS TO NRV | | -74,216 | |
| Consumable stores | | -74,216 | - |
| Maintenance materials | | - | - |
| Closing balance of inventories: | | 1,010,738 | 396,286 |
| Consumable stores | | 612,063 | 380,505 |
| Maintenance materials | | 398,675 | 15,781 |

The First-in-First-out (FIFO) costing method is applied on inventories. The same method is used as the inventories have a similar nature and use to the entity. Inventories are measured at the lower of cost and net realisable value

| | | | |
|---|--|---|-----------|
| 6 PREPAYMENTS | | | |
| Prepaid Expense | | - | 1,556,321 |
| <i>The majority of the prepaid expenses relates to the Insurance, SALGA membership fees and inventory for 2012/13 paid in advance</i> | | | |

| | | | |
|--|-------------------|-------------------|--|
| 7 INVESTMENT PROPERTY CARRIED AT FAIR VALUE | | | |
| Setlagole Business Complex | | | |
| Balance at the beginning of the year | 16,680,000 | 13,600,000 | |
| Acquisitions | | 667,364 | |
| Increase/(Decrease) in Fair Value | 670,000.00 | 2,412,636 | |
| Impairment Loss | | - | |
| Balance at the end of the year | 17,350,000 | 16,680,000 | |

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NOTES TO THE FINANCIAL STATEMENTS

| | | | |
|-----|---|---------|---------|
| 7.1 | The Investment property has not been pledged as security | | |
| 7.2 | Rental income from investment property | 774,305 | 619,551 |
| | Direct operating expenses from rental generating property | 801,541 | 435,915 |

- 7.3 **Details of valuation**
The effective date of the revaluations was August 2012. Revaluations were performed by an independent valuer, George Chelechele of Bokono Bophirima Property Values. Bokono Bophirima Property Values are not connected to the entity and have recent experience in location and category of the properties being valued. The valuation method was based on means of comparable sales.
These assumptions are based on current market conditions.


8 **TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS**

| | | |
|---------------------|-------------------|------------------|
| Trade creditors | 2,292,764 | 1,247,189 |
| Other creditors | 1,825,824 | 169,073 |
| Staff Leave Accrual | 2,229,198 | 1,700,043 |
| Bonus Accrual | 846,118 | 596,242 |
| Retentions | 3,343,857 | 1,876,739 |
| | 10,537,761 | 5,589,286 |

The fair value of trade and other payables approximates their carrying amounts.

The movement in current provisions are reconciled as follows:

| | Staff Leave Accrual | Bonus Accrual |
|----------------------------|---------------------|----------------|
| as at 1 July 2012 | 1,674,431 | 596,242 |
| Contributions to provision | 909,855 | 1,575,734 |
| Expenditure incurred | -380,700 | -1,325,857 |
| as at 30 June 2013 | 2,229,198 | 846,118 |
| as at 1 July 2011 | 1,188,121 | 307,896 |
| Contributions to provision | 1,114,085 | 288,346 |
| Expenditure incurred | -627,775 | - |
| as at 30 June 2012 | 1,674,431 | 596,242 |

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NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

9 VAT RECEIVABLE

| | | |
|------------------------------|-------------------|-------------------|
| VAT receivable | 16,415,574 | 10,323,850 |
| Total VAT receivables | 16,415,574 | 10,323,850 |

VAT is payable on the receipts basis.
VAT is paid over to SARS only once
payment is received from debtors.

**10 UNSPENT CONDITIONAL GRANTS
AND RECEIPTS**

**10.1 Unspent Conditional Grants from
other spheres of Government**

| | | |
|--|-------------------|------------------|
| Financial Management Grant | (0) | 152,834 |
| Other Grant | - | - |
| Municipal Infrastructure Grant | 7,545,120 | 6,390,206 |
| Sports, Arts and Culture - Library Grant | - | - |
| Municipal Systems Improvement Grant | 0 | - |
| LG Seta Grant | - | - |
| Expanded Public Works Programme Grant | - | - |
| NgakaModiriMolema District Municipality Grant - Free Basic Water | 2,712,757 | 2,712,757 |
| NgakaModiriMolema District Municipality - Municipal Health Service Grant | - | - |
| National Heritage Grant | - | - |
| Total Unspent Conditional Grants and Receipts | 10,257,876 | 9,255,797 |

**Current portion of unspent
conditional grants and
receipts**

10,257,876 9,255,797


See Note 17 for reconciliation
of grants and receipts. These
amounts are invested in ring-
fenced investment until utilised.

11 CURRENT PROVISIONS

| | | |
|--|--------------|---------------|
| Current portion of long service awards | 4,928 | 10,609 |
| Rehabilitation of landfill sites | - | - |
| | 4,928 | 10,609 |

Refer to note 12 for Non-
Current Portions and Key
Assumptions

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Ratlou Local Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

12 NON-CURRENT PROVISIONS

| | | |
|---|------------------|----------------|
| Provision for rehabilitation of landfill site | 556,575 | 527,351 |
| Provision for Long Service Awards | 642,399 | 452,577 |
| Total Provisions | 1,198,974 | 979,928 |

Reconciliation of Provisions and Key Assumptions

Provision for rehabilitation of landfill site

| | | |
|-------------------------------------|----------------|----------------|
| Opening Balance | 527,351 | 497,687 |
| Contributions to provision | 29,224 | 29,663 |
| Expenditure incurred | - | - |
| Closing Balance | 556,575 | 527,351 |
| Less: Transfer to Current Provision | - | - |
| Non-current Provision | 556,575 | 527,351 |

Key Assumptions

The timing for the possible outflow of resources for the rehabilitation for the landfill site could not be determined at the date of the financial statements.
The discount rate used to calculate the obligation at year-end was 5.54%

The following key assumptions were made to arrive at the amount disclosed as a possible future obligation:

*Environmental impact process for establishment of solid waste disposal site
Supply and operation of machinery to transfer refuse
Sloping and spreading of slopes and ground work, including manual hand labour*

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An estimated amount was calculated and an average discount rate of 5.96% as per SASTATS was used to calculate the obligation at year-end.

Ratlou Local Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

Provision for Long Service Awards

| | | | |
|-------------------------------------|----|----------------|----------------|
| Opening Balance | | 463,187 | 426,264 |
| Contributions to provision | | 204,389 | 36,923 |
| Expenditure incurred | | (20,249) | - |
| Closing Balance | | 647,327 | 463,187 |
| Less: Transfer to Current Provision | 11 | (4,928) | (10,609) |
| Non-current Provision | | 642,399 | 452,578 |

Key Assumptions

It is difficult to estimate future investment returns and salary inflation rates. The relationship between them is more stable and therefore easier to predict. IAS19 requires that financial assumptions be based on market expectations at the valuation date for the period over which the liability obligations are to be settled.

GRAP 25 stipulates that the choice of this rate should be derived from high-quality corporate bond yields. However, where the market in these bonds is not significant, the market yields on government bonds consistent with the estimated term of the post-employment liabilities should be used. Consequently, a discount rate of 8.5% per annum has been used. This rate does not reflect any adjustment for taxation.

This assumption is more stable relative to the growth in Consumer Price Inflation (CPI) than in absolute terms. In most industries, experience has shown, that over the long-term, salary inflation is between 1.5% and 2.5% above CPI inflation. We assessed the general salary increases over the last 5 years and thus a general salary inflation rate of 8.662% per annum

13 RENTAL OF FACILITIES AND EQUIPMENT

| | | |
|----------------------|----------------|----------------|
| Rental of facilities | 786,972 | 718,928 |
| Total rentals | 786,972 | 718,928 |

14 INTEREST EARNED

| | | |
|---------------------------|------------------|------------------|
| Cash and Cash Equivalents | 1,391,223 | 1,989,064 |
| Outstanding Debtors | 2,946,513 | - |
| Total interest | 4,337,736 | 1,989,064 |

The interest includes interest received on short-term deposits, the main bank account and outstanding debtors.

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NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

15 **PROPERTY RATES**

Actual

| | | |
|-------------|-----------|-----------|
| Residential | 3,107,484 | 2,035,765 |
|-------------|-----------|-----------|

| | | |
|-----------------------------|------------------|------------------|
| Total property rates | 3,107,484 | 2,035,765 |
|-----------------------------|------------------|------------------|

Property rates - penalties imposed and collection charges

| | | |
|--------------|------------------|------------------|
| Total | 3,107,484 | 2,035,765 |
|--------------|------------------|------------------|

Valuations

| | | |
|-------------|---------------|---------------|
| Residential | 1,863,473,331 | 1,863,473,331 |
|-------------|---------------|---------------|

Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2009. A general rate of 0.2% (2009/10) is applied to property valuations to determine assessment rates. An average rebate of 26.25% are granted to residential owners and a further discount of 18.63% is also granted on the rates. Rates are levied on an yearly basis with the final date of payment being within 30 days.

Average of Discounts:

| | |
|----------------|--------|
| Rebate Average | 26.25% |
|----------------|--------|

| | |
|------------------|--------|
| Phasing In (25%) | 18.42% |
|------------------|--------|

| | |
|-----------|-------|
| Exemption | 0.21% |
|-----------|-------|

| | |
|------------------------------|---------------|
| Total Other Discounts | 18.63% |
|------------------------------|---------------|

16 **OTHER INCOME**

| | | |
|-------------|---------|---------|
| Tender Fees | 263,067 | 113,784 |
|-------------|---------|---------|

| | | |
|--------------|---------|--------|
| Other Income | 575,321 | 37,037 |
|--------------|---------|--------|

| | | |
|--|----------------|----------------|
| | 838,387 | 150,821 |
|--|----------------|----------------|

17 **GOVERNMENT GRANTS AND SUBSIDIES**

| | | | |
|-----------------|------|------------|------------|
| Equitable Share | 17.1 | 67,258,168 | 59,576,000 |
|-----------------|------|------------|------------|

| | | | |
|----------------------------|------|-----------|-----------|
| Financial Management Grant | 17.2 | 1,652,834 | 1,347,166 |
|----------------------------|------|-----------|-----------|

| | | | |
|-------------|------|---|---|
| Other Grant | 17.3 | - | - |
|-------------|------|---|---|

| | | | |
|--------------------------------|------|------------|------------|
| Municipal Infrastructure Grant | 17.4 | 17,446,919 | 15,003,961 |
|--------------------------------|------|------------|------------|

| | | | |
|--|------|---------|---------|
| Sports, Arts and Culture - Library Grant | 17.5 | 750,000 | 750,000 |
|--|------|---------|---------|

| | | | |
|-------------------------------------|------|---------|---------|
| Municipal Systems Improvement Grant | 17.6 | 800,000 | 790,000 |
|-------------------------------------|------|---------|---------|

| | | | |
|---------------|------|---------|---------|
| LG Seta Grant | 17.7 | 143,378 | 150,964 |
|---------------|------|---------|---------|

| | | | |
|---------------------------------------|------|-----------|---------|
| Expanded Public Works Programme Grant | 17.8 | 1,053,000 | 295,000 |
|---------------------------------------|------|-----------|---------|

| | | | |
|--|------|---|---------|
| Ngaka Modiri Molema District Municipality Grant - Free Basic Water | 17.9 | - | 261,030 |
|--|------|---|---------|

| | | | |
|--|-------|---|---|
| Ngaka Modir iMolema District Municipality - Municipal Health Service Grant | 17.10 | - | - |
|--|-------|---|---|

| | | | |
|-------------------------|-------|---|---------|
| National Heritage Grant | 17.11 | - | 149,682 |
|-------------------------|-------|---|---------|

| | | | |
|--|--|---|---|
| | | - | - |
|--|--|---|---|

| | | | |
|--|--|---|---------|
| | | - | 149,682 |
|--|--|---|---------|

| | | | |
|--|--|---|---------|
| | | - | 149,682 |
|--|--|---|---------|

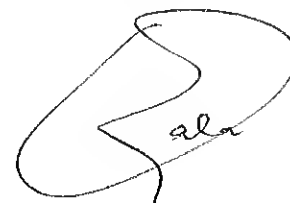
| | | | |
|--|--|---|---------|
| | | - | 149,682 |
|--|--|---|---------|

| | | | |
|---|--|-------------------|-------------------|
| Total Government Grant and Subsidies | | 89,104,298 | 78,323,804 |
|---|--|-------------------|-------------------|

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NOTES TO THE FINANCIAL STATEMENTS
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| | | | |
|-------------|--|--------------------|--------------------|
| 17.1 | Equitable Share | | |
| | <i>This grant is used to fund the operations of the municipality in accordance with the approved MTREF budget.</i> | 67,258,168 | 59,576,000 |
| 17.2 | Financial Management Grant | | |
| | Balance unspent at beginning of year | (152,834) | - |
| | Current year receipts | (1,500,000) | (1,500,000) |
| | Conditions met - transferred to revenue | 1,652,834 | 1,347,166 |
| | Conditions still to be met - remain liabilities (see note 10) | 0 | (152,834) |
| | <i>This grant used to fund financial operations of the municipality</i> | | |
| 17.3 | Other Grant | | |
| | Balance unspent at beginning of year | - | (71,475) |
| | Current year receipts | - | - |
| | Conditions met - transferred to revenue | - | 71,475 |
| | Conditions still to be met - remain liabilities (see note 10) | - | - |
| | <i>This grant is used to fund the payment of interns seconded to the municipality</i> | | |
| 17.4 | Municipal Infrastructure Grant | | |
| | Balance unspent at beginning of year | (6,390,207) | (3,321,168) |
| | Surrendered | 3,321,168 | |
| | Current year receipts | (21,923,000) | (18,073,000) |
| | Conditions met - transferred to revenue | 17,446,919 | 15,003,961 |
| | Conditions still to be met - remain liabilities (see note 10) | (7,545,120) | (6,390,207) |
| | <i>This grant is used to construct various community halls, infrastructure projects ect to uplift the community.</i> | | |
| 17.5 | Sports, Arts and Culture - Library Grant | | |
| | Balance unspent at beginning of year | - | - |
| | Current year receipts | (750,000) | (750,000) |
| | Conditions met - transferred to revenue | 750,000 | 750,000 |
| | Conditions still to be met - remain liabilities (see note 10) | - | - |
| | <i>This grant is used to far the library function and purchases in Setlagale</i> | | |

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Ratlou Local Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

| | | | |
|-------|---|--------------------|--------------------|
| 17.6 | Municipal Systems Improvement Grant | | |
| | Balance unspent at beginning of year | - | - |
| | Current year receipts | (800,000) | (790,000) |
| | Conditions met - transferred to revenue | 800,000 | 790,000 |
| | Conditions still to be met - remain liabilities (see note 10) | (0) | - |
| | <i>This grant is used to fund the financial operations of the municipality</i> | | |
| 17.7 | LG Seta Grant | | |
| | Balance unspent at beginning of year | - | (10,887) |
| | Current year receipts | (143,378) | (140,077) |
| | Conditions met - transferred to revenue | 143,378 | 150,964 |
| | Conditions still to be met - remain liabilities (see note 10) | - | - |
| | <i>This grant is used to fund training of municipal staff</i> | | |
| 17.8 | Expanded Public Works Programme Grant | | |
| | Balance unspent at beginning of year | - | - |
| | Current year receipts | (1,053,000) | (295,000) |
| | Conditions met - transferred to revenue | 1,053,000 | 295,000 |
| | Conditions still to be met - remain liabilities (see note 10) | - | - |
| | <i>To increase and maximise job creation</i> | | |
| 17.9 | Ngaka Modiri Molema District Municipality Grant - Free Basic Water | | |
| | Balance unspent at beginning of year | (2,712,757) | (2,973,787) |
| | Current year receipts | 0 | - |
| | Conditions met - transferred to revenue | - | 261,030 |
| | Conditions still to be met - remain liabilities (see note 10) | (2,712,757) | (2,712,757) |
| | <i>This grant is used to provide basic water services within the municipal area.</i> | | |
| 17.10 | Ngaka Modiri Molema District Municipality - Municipal Health Service Grant | | |
| | Balance unspent at beginning of year | - | - |
| | Current year receipts | - | - |
| | Conditions met - transferred to revenue | - | - |
| | Conditions still to be met - remain liabilities (see note 10) | - | - |
| | <i>This grant is used to provide municipal health services within the municipal area.</i> | | |

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NOTES TO THE FINANCIAL STATEMENTS
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17.1 National Heritage

1 Grant

| | | |
|--|----------|-----------|
| Balance unspent at beginning of year | - | - |
| Current year receipts | - | (149,682) |
| Conditions met - transferred to revenue | - | 149,682 |
| Conditions still to be met - remain liabilities (see note 10) | - | - |


This grant is used to develop, promote and protect the notional heritage for present and future generations and to promote and protect indigenous knowledge systems.

18 EMPLOYEE RELATED COSTS

| | | |
|--|-------------------|-------------------|
| Employee related costs | 20,514,180 | 15,688,435 |
| - Salaries and Wages | | |
| Performance and other bonuses | 1,575,733 | 956,390 |
| Travel, Motor vehicle, accommodation, subsistence and other allowances | 1,037,948 | 1,369,947 |
| Employee Related Costs - Contributions to UIF, Pension and Medical Aid | 5,691,249 | 4,148,288 |
| Housing benefits and allowances | 253,796 | 282,402 |
| Overtime payments | 90,040 | 142,414 |
| Other employee related costs | 1,158,683 | 823,055 |
| Total Employee Related Costs | 30,321,629 | 23,410,931 |

Included in the total Employee Related Costs above are the remuneration packages of the Municipal Manager and the Section 57 Managers as set out below:

| | | |
|--|---------|---------|
| REMUNERATION OF THE MUNICIPAL MANAGER | | |
| | 653,572 | 556,985 |
| Annual Remuneration | | |
| Performance and Other Bonuses | 48,173 | - |
| Travel, Motor Vehicle, Accommodation, Subsistence and other allowances | 160,284 | 138,533 |

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| | | |
|---|------------------|----------------|
| Housing Benefits and allowances | - | 1,044 |
| Contributions to UIF, pension and medical aid | 166,232 | 80,461 |
| Other employee related costs | 3,996 | 57,806 |
| Total | 1,032,257 | 834,829 |

REMUNERATION OF THE ACTING MUNICIPALMANAGER


| | | |
|--|----------|----------------|
| Acting Allowance | - | 171,784 |
| Annual Remuneration | - | 187,423 |
| Performance- and other bonuses | - | 21,551 |
| Travel, motor car, accommodation, subsistence and other allowances | - | 39,076 |
| Housing benefits and allowances | - | - |
| Contributions to UIF, Medical and Pension Funds | - | 48,119 |
| Other employee related costs | - | 13,800 |
| Total | - | 481,753 |

REMUNERATION OF THE CHIEF FINANCE OFFICER

| | | |
|--|----------------|----------------|
| Annual Remuneration | 433,868 | 344,866 |
| Travel, Motor Vehicle, Accommodation, Subsistence and other allowances | 90,463 | 91,725 |
| Contributions to UIF, pension and medical aid | 6,379 | 81,768 |
| Other employee related costs | - | 57,416 |
| Total | 530,709 | 575,775 |

REMUNERATION OF THE ACTING CHIEF FINANCE OFFICER (ACTING FROM 01 JULY- 30 SEPTEMBER 2012)

| | | |
|--|----------------|----------------|
| Acting Allowance | 23,570 | 14,173 |
| Annual Remuneration | 86,145 | 54,944 |
| Performance- and other bonuses | - | 18,489 |
| Travel, motor car, accommodation, subsistence and other allowances | 28,777 | - |
| Housing benefits and allowances | - | - |
| Contributions to UIF, Medical and Pension Funds | 24,740 | 15,884 |
| Other employee related costs | 2,774 | - |
| Total | 166,005 | 103,490 |

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**REMUNERATION OF
TECHNICAL SERVICES**

DIRECTOR

| | | |
|---|----------------|----------------|
| Annual Remuneration | 491,773 | 367,690 |
| Travel, Motor Vehicle, Accommodation, Subsistence and other allowances | 116,726 | 104,280 |
| Contributions to UIF, pension and medical aid | 58,168 | 83,941 |
| Other employee related costs | 2,675 | - |
| Total | 669,342 | 555,911 |

**REMUNERATION OF TECHNICAL SERVICES
DIRECTOR(ACTING OCTOBER 2010 - JUNE 2011)**


| | | |
|------------------|----------|---------------|
| Acting Allowance | - | 74,394 |
| Total | - | 74,394 |

**REMUNERATION OF TOWN
PLANNING DIRECTOR**

| | | |
|---|----------------|----------------|
| Annual Remuneration | 415,026.4 | 64,744 |
| Travel, Motor Vehicle, Accommodation, Subsistence and other allowances | 144,733.7 | 21,059 |
| Contributions to UIF, pension and medical aid | 134,046.9 | 20,455 |
| Other employee related costs | 2,412.0 | |
| Total | 696,219 | 106,258 |

**REMUNERATION OF CORPORATE SERVICES
DIRECTOR**

| | | |
|---|---------|---------|
| Annual Remuneration | 476,207 | 286,122 |
| Travel, Motor Vehicle, Accommodation, Subsistence and other allowances | 116,101 | 103,840 |
| Housing Benefits and allowances | - | 1,566 |
| Contributions to UIF, pension and medical aid | 43,337 | 82,188 |
| Other employee related costs | 2,671 | 41,828 |

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REMUNERATION OF COUNCILLORS

| | | |
|--|------------------|------------------|
| Mayor | 540,224 | 534,947 |
| Speaker | 482,277 | 449,595 |
| Executive Committee Members | 2,070,687 | 2,028,566 |
| Councillors | 4,464,171 | 3,854,729 |
| Councillors' pension and medical aid contributions | 857,042 | 672,788 |
| Total Councillors' Remuneration | 8,414,401 | 7,540,625 |

In-kind Benefits

The Executive Mayor, Deputy Executive Mayor, Speaker and Executive Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Executive Mayor has use of the Council owned vehicle for official duties.

DEPRECIATION AND AMORTISATION EXPENSE

| | | |
|--|------------------|------------------|
| Property, plant and equipment | 6,511,907 | 5,817,737 |
| Total Depreciation and Amortisation | 6,511,907 | 5,817,737 |

CONTRACTED SERVICES

| | | |
|----------------------------------|------------------|------------------|
| Performance Information Cleaning | 355,193 | - |
| Accounting Fees | - | - |
| Security Services | 1,390,967 | 1,276,121 |
| Valuation Services | 3,285,492 | 2,176,411 |
| Fixed asset Register | 1,844,860 | 1,507,707 |
| Total | 6,876,512 | 4,960,239 |




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**GENERAL
EXPENSES**

Included in
general expenses
are the following:-


| | | |
|---------------------------------|-----------|-----------|
| Accommodation and meals | 1,039,683 | 2,181,664 |
| Advertising | 360,511 | 484,524 |
| Arts and Culture Project | - | - |
| Audit Fees | 1,766,709 | 1,729,670 |
| Awareness Campaign | - | - |
| Bank Charges | 79,328 | 66,982 |
| Books And Periodicals | 50,604 | 30,637 |
| Catering | 1,411,488 | 2,243,323 |
| Contractors Fees | - | - |
| Diagnose Support | - | - |
| Disaster Management | - | 2,703 |
| Donations | 178,333 | 28,723 |
| Economic Development | 277,073 | - |
| Electricity And Water | 1,697,384 | 918,033 |
| Entertainment | 37,516 | 55,168 |
| Events | 273,821 | 366,168 |
| Fuel And Oil | 947,382 | 993,456 |
| Gardening Services | - | - |
| Imbizo Expenditure | 214,226 | - |
| Insurance | 1,563,423 | 1,847,681 |
| Integrated Development Plan | 136,016 | 688,680 |
| Internet Charges | 45,569 | 66,579 |
| Kraaipan Heritage Research | 13,600 | 140,622 |
| Land Restitution Programme | - | - |
| Learnership Programmes | - | - |
| Consulting Fees | 245,756 | 577,800 |
| Legal Expenses | 1,976,141 | 2,654,040 |
| Library | - | - |
| Licence Fees | 55,100 | - |
| Mandela Day | - | - |
| Mayoral Economic Empowerment | - | - |
| Membership Fees | 401,310 | 73,559 |

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| | | |
|------------------------|-------------------|-------------------|
| Consumables | 132,712 | 23,808 |
| Municipal Marketing | - | - |
| Other expenses | (5,816) | - |
| Pastel Evolution | - | - |
| Fees | - | - |
| Performance | - | - |
| Information | - | - |
| Performance | - | 183,500 |
| Management | - | - |
| System | - | - |
| Pest Control | - | 141,763 |
| Poverty Alleviation | - | - |
| Projects | - | - |
| Printing, | 890,552 | 1,386,654 |
| Stationery And | - | - |
| Postage | - | - |
| Professional Fees | 994,030 | 1,461,200 |
| Promotional | 8,000 | 171,606 |
| Material | - | - |
| Clothing | 28,145 | 1,359,260 |
| Publications | 160,916 | 56,572 |
| Refreshments | 25,343 | 3,736 |
| Rental Of | 203,097 | 732,822 |
| Equipment | - | - |
| Risk Management | 181,301 | - |
| SMME | - | - |
| Empowerment | - | - |
| Spatial | - | - |
| Development Plan | - | - |
| Strategic Planning | 191,949 | - |
| Subscription Fees | 636 | 4,820 |
| Telephone Costs | 1,796,886 | 1,539,245 |
| Training and | 1,113,988 | 2,992,690 |
| courses | - | - |
| Transport Fees | 259,930 | 1,821,258 |
| Travel And Subsistence | 201,231 | 410,065 |
| Sports | - | - |
| Management | - | - |
| Support | - | - |
| Traffic Officers | 105,000 | 126,245 |
| Tourism | - | - |
| Waste | - | 720,421 |
| Management | - | - |
| Wellness | 434,720 | - |
| Programme | - | - |
| Womens Development | - | - |
| Workmans | - | - |
| Compensation | - | - |
| stipend for Ward | 1,842,000 | 1,313,586 |
| Committees | - | - |
| Stipend for EPWP | 2,964,370 | 1,491,140 |
| Workers | - | - |
| Stipends for Youth | 1,461,235 | 31,000 |
| Total | <u>26,195,781</u> | <u>31,480,273</u> |

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| | | | |
|----|--|-------------------|-------------------|
| 23 | GAIN / (LOSS) ON SALE OF ASSETS | | |
| | Property, plant and equipment | (472,976 | (779,277) |
| | Total Gain / (Loss) on Sale of Assets | (472,976 | (779,277) |
| 24 | PROFIT / (LOSS) ON FAIR VALUE ADJUSTMENT | | |
| | Investment property carried at fair value | 670,018 | 2,412,636 |
| | | 670,018 | 2,412,636 |
| 25 | CASH GENERATED BY OPERATIONS | | |
| | Surplus/(deficit) for the year | 13,141,575 | 7,115,150 |
| | Adjustment for:- | | |
| | Depreciation and amortisation | 6,511,907 | 5,817,737 |
| | (Gain)/Loss on sale of assets | 472,976 | 779,277 |
| | Profit/ (Loss) on Fair Value Adjustment | (670,018) | (2,412,636) |
| | Bad Debts | 5,521,237 | 1,953,627 |
| | Provision for Long-Service Awards | 286,536 | 36,077 |
| | Operating surplus before working capital changes: | 25,264,214 | 13,289,232 |
| | (Increase)/decrease in trade receivables | (3,594,991 | (1,859,893) |
| | (Increase)/decrease in other receivables | (7,061) | (31,143) |
| | (Increase)/decrease in inventory | (614,452) | (93,612) |
| | (Increase)/decrease in VAT receivable | (6,091,724 | (4,692,281) |
| | (Increase)/decrease in Prepayments | 1,556,321 | 143,649 |
| | (Increase)/decrease in Doubtful Debts | (1,923,112 | - |
| | Increase/(decrease) in provision - current | (5,681) | 846 |
| | Increase/(decrease) in conditional grants and receipts | 1,002,079 | 2,949,955 |
| | Increase/(decrease) in trade payables | 4,948,475 | 2,063,275 |
| | Cash generated by/(utilised in) operations | 20,534,069 | 11,770,026 |

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26 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise the following:

| | | |
|--|-------------------|-------------------|
| Bank balances and cash | 17,069,527 | 24,830,660 |
| Net cash and cash equivalents (net of bank overdrafts) | <u>17,069,527</u> | <u>24,830,661</u> |

27 CHANGE IN ACCOUNTING POLICY

27.1 ACCUMULATED SURPLUS/(DEFICIT)

| | | |
|---|--------------------|--------------------|
| Balance at beginning of the year | 166,342,242 | 158,761,349 |
| Rounding Error | - | - |
| Correction of Error - (See note 28 below) | - | 465,745 |
| Surplus/(deficit) for the year | 13,141,575 | 7,115,149 |
| | <u>179,483,817</u> | <u>166,342,242</u> |

28 CORRECTION OF ERROR

| | |
|--|---------|
| 28.1 During the current year movable assets were verified that relates to old assets, but not previously recognised. The carrying value of these asset have now been determined and included in the asset register and AFS | 465,745 |
|--|---------|

The comparative amount has been restated as follows:

Non-Current Assets
Property, Plant and Equipment - Cost Price
Office Equipment
Furniture & Fittings
Emergency Equipment
Computer Equipment
Other Assets

27,650
219,022
23,215
174,596
101,513



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Property, Plant and
Equipment – Accumulated
Depreciation

| | |
|----------------------|----------|
| Office Equipment | (8,762) |
| Furniture & Fittings | (65,351) |
| Emergency Equipment | (3,766) |
| Computer Equipment | (56,685) |
| Other Assets | (32,812) |

Net effect on Statement of
Financial Position 378,619

Expenses

General Expenses

Depreciation and
Amortisation 87,126

Net effect on Statement of
Financial Performance 87,126

Net effect on Accumulated
surplus opening balance (465,745)

28.2 During the year we noted that the leave accrual was
understated in the prior year. This has now been
corrected

The comparative amounts have been restated as
follows:

Current Assets

Trade and other payables from
exchange transactions (25,612)

Net effect on Statement of
Financial Position (25,612)

Expenses

Employee Cost

Net effect on Statement of
Financial Performance 25,612

Net effect on Accumulated
surplus opening balance -

Expenses

General Expenses

Advertising

(20,060)

Net effect on Statement of Financial
Performance (20,060)

Current liabilities

Trade and other payables 22,868



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| | |
|--|------------------|
| Current Assets | |
| VAT Receivables | (2,808) |
| Net effect on Statement of Financial Position | 20,060 |
| Net effect on Accumulated surplus opening balance | - |
| TOTAL CORRECTION OF ERROR (Accumulated Surplus/(Deficit) Opening Balance) | (465,745) |

29 CHANGE IN ESTIMATE

The useful life and conditions of property, plant and equipment are reviewed on an annual basis by management. In the current period the condition of some of these assets deteriorated more than initially estimated. Management have revised their estimate based on the adjusted condition of these assets. The effect of this revision has increased/(decreased) the depreciation charges for the period by:

| | | |
|--|--------|--------|
| | 61,555 | 99,977 |
|--|--------|--------|

30 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

30.1 Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful exp.

| | | |
|---|----------|----------|
| Opening balance - | - | - |
| Fruitless and wasteful expenditure current year | 21,789 | 22,952 |
| Condoned or written off by Council | (21,789) | (22,952) |
| To be recovered – contingent asset | - | - |
| Fruitless and wasteful expenditure awaiting condonement | - | - |

Disciplinary steps/criminal proceedings

The expenditure was incurred due to traffic fines and interest penalties. The expenditure is not recoverable and was therefore condoned by Council and no disciplinary steps were taken.

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30.2 Irregular expenditure

Reconciliation of irregular expenditure

| | | |
|---|------------------|------------------|
| Opening balance - | 9,932,626 | 21,223,940 |
| Irregular expenditure current year | 34,218,512 | 22,993,599 |
| Condoned or written off by Council | (34,218,512) | (34,284,913) |
| Transfer to receivables for recovery – not condoned | - | - |
| Irregular expenditure awaiting condonement | <u>9,932,626</u> | <u>9,932,626</u> |

Incident & Disciplinary steps/criminal proceedings

Procurement not in line with the Supply Chain Management Regulations. The expenditures are still under investigation and once the results are obtained suitable action will be taken against the guilty parties. The expenditure was condoned by Council


30.3 Unauthorised Expenditure

Reconciliation of Unauthorised expenditure

| | | |
|--|------------------|------------------|
| Opening balance | 8,106,889 | 170,954 |
| Unauthorised expenditure current year | 11,123,196 | 8,106,889 |
| Condoned or written off by Council | (11,486,015) | (170,954) |
| Transfer to receivables for recover not condoned | - | - |
| Unauthorised expenditure awaiting condonement | <u>7,744,070</u> | <u>8,106,889</u> |

Incident & Disciplinary steps/criminal proceedings

Contracted Amount
Overspent on Thutlwane Community Hall, Loporung Community Hall, Setlagole Paving, Ramabesa Community Cemetery, Setlagole Community Telecentre, Morolong Disability Centre and Madibogopan Community Library Guard House..

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The over expenditure is not recoverable and was therefore condoned by Council. No disciplinary steps were taken.

The over expenditure on the budget is still under investigation and no disciplinary steps have been taken to date

31 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

31.1 Audit fees

| | | |
|--|----------------|---------------|
| Opening balance | 18,514 | 5,190 |
| Current year audit fee | 1,766,709 | 1,748,184 |
| Amount paid - current year | (1,536,919) | (1,729,670) |
| Amount paid - previous years | (18,514) | (5,190) |
| Balance unpaid (included in payables) | 229,789 | 18,514 |

31.2 VAT

VAT input receivables are shown in note 9. All VAT returns have been submitted by the due date throughout the year.

31.3 PAYE, UIF and SDL

| | | |
|---|--------------|--------------|
| Opening balance | 3,681 | 3,681 |
| Current year movement | | |
| Current year payroll deductions | (5,038,900) | (4,358,943) |
| Amount paid - current year | 5,038,936 | 4,358,943 |
| Amount paid - previous years | - | - |
| Balance unpaid (included in receivables) | 3,717 | 3,681 |

31.4 Pension and Medical Aid Deductions

| | | |
|---|---------------|---------------|
| Opening balance | 99,064 | 71,358 |
| Movement - Current year | - | - |
| Current year payroll deductions and Council Contributions | (9,035,165) | (6,708,582) |
| Amount paid - current year | 9,035,166 | 6,736,288 |
| Amount paid - previous years | - | - |
| Balance unpaid (included in payables) | 99,065 | 99,064 |

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31.5 **Non-Compliance with Chapter 11 of the
Municipal Finance Management Act**

No non-compliance with
Chapter 11 of the MFMA

32 **CAPITAL COMMITMENTS**

32.1 **Commitments in respect
of capital expenditure**

| | | |
|--|------------|------------|
| Approved and contracted for | 12,115,551 | 13,518,934 |
| Infrastructure and Community Assets | 12,115,551 | 13,518,934 |

| | | |
|--|-----------|---------|
| Approved and not yet contracted for | 1,893,413 | 496,926 |
| Infrastructure and Community Assets | 1,893,413 | 496,926 |

| | | |
|--------------|-------------------|-------------------|
| Total | 14,008,964 | 14,015,860 |
|--------------|-------------------|-------------------|

This expenditure will be financed
from:

| | | |
|-------------------|------------|------------|
| Government Grants | 14,008,964 | 14,015,860 |
| | 14,008,964 | 14,015,860 |

33 **OPERATING LEASES**


At the reporting date the entity has outstanding
commitments under operating leases which fall due
as follows:

Operating leases - lessee

| | | |
|--|----------|---------------|
| Within one year | - | 18,090 |
| In the second to fifth year inclusive | - | - |
| After five years | - | - |
| Total | - | 18,090 |

Operating Leases consists of the
following:

Operating lease payments represent rentals payable by the
municipality for certain of its office equipment. Leases are negotiated
for an average term of three years and rentals are fixed. The initial
lease agreement expired by end of May 2012 and it was further
extended to a month to month ending 28th February 2013.

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34 **EVENTS AFTER REPORTING DATE**

at 30 June 2013

No material events occurred after reporting date that may have an impact on the financial statements

35 **RETIREMENT BENEFIT INFORMATION**

35.1 **Defined contribution plan**

An amount of R3,170,343 (2011: R2,552,024) was contributed by Council in respect of Councillors and employees retirement funding. These contributions have been expensed and are included in employee related costs for the year.

36 **CONTINGENT LIABILITY**

| | | | |
|------|-------------|---------|---------|
| 36.1 | Legal Claim | 450,000 | 900,000 |
|------|-------------|---------|---------|

Legal claim was instituted against the Municipality by a previous employees and a service providers for services rendered and not paid. The municipalities lawyers are defending the matter in court and are of the opinion that the court will find in favour of the Municipality, however there are uncertainties of the outflow of resources. As at 30 June 2013 the municipality does not expect any reimbursement

36.2 **Wage curve agreement**


37 **RELATED PARTIES**

Members of key management -
Section 57

Remuneration of management -
Section 57

| | | |
|--|-----------|-----------|
| Mr G Lekomanyane - Municipal Manager | 1,032,257 | 1,316,582 |
| Ms GS Sepeng - Director: Corporate Services | 638,317 | 515,545 |
| Ms MP Leburu - Chief Financial Officer | 696,714 | 679,265 |
| Mr GC Mabilo - Director: Technical Services | 669,342 | 555,911 |
| Mr TN Kopele - Director: Town Planning and Development | 696,219 | 106,258 |

Declarations of interest was circulated to all employee of the municipality and a CIPRO search performed.
Compensation to councillors and other key management
(refer to note 18 & 19)

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Payments to family members of persons in service of the municipality

| | | |
|---|---------------|---------------|
| Ms C Sethaku (Daughter) - RefilweBotsalano Trading & Enterprise | 32,410 | |
| Clir M Lentswe (Son) - Modiboa Electrical | 22,050 | |
| Mr KK Nthutang (Spouse) - Aobakwe Catering & Enterprise | 12,725 | 31,200 |
| | <u>67,185</u> | <u>31,200</u> |

38 KEY SOURCES OF ESTIMATION UNCERTAINTY AND JUDGEMENTS

The following areas involve a significant degree of estimation uncertainty:

38.1 The useful lives and residual values of property, plant, and equipment

In accordance with GRAP 17.61 the municipality implemented an accounting policy to ensure that the residual value and the useful life of other assets are reviewed at least at each reporting date

The residual value of infrastructure and community assets are not reviewed as they are specialized in nature and are expected to be used beyond their useful life

The carrying value of assets at year end, subject to the annual review is:

| | | |
|--|-------------|-------------|
| | 149,340,388 | 128,097,541 |
|--|-------------|-------------|

38.2 Provision for doubtful debts

Management has an accounting policy in place to provide for the bad debts.

The policy requires individual assessment of long outstanding debtors

The carrying value of the provision for bad debt is:


| | | |
|--|-----------|-----------|
| | 7,938,413 | 4,340,288 |
|--|-----------|-----------|

38.3 Provision for rehabilitation of landfill site

The provision has been estimated at the current estimated costs to rehabilitate the landfill sites. De-escalation of the current estimated costs in order to arrive at estimated costs for the previous financial years, were calculated using the average Consumer Price Indices and inflation rates (July to June per financial year) from SASTATS

The closing balance of the provision is:

| | | |
|--|---------|---------|
| | 556,575 | 527,351 |
|--|---------|---------|

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39 RISK MANAGEMENT

39.1 Maximum credit risk exposure

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

The municipality does not render any services (other than rates and taxes) to the community and therefore the credit risk exposure is assessed as low.

Other receivables comprise a widespread customer base. Management evaluates credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

Financial assets exposed to credit risk at year end were as follows:

| | | |
|---------------------------------------|------------|------------|
| Current Account - First National Bank | 17,130,904 | 24,893,328 |
| Trade and other receivables | 8,061,604 | 4,466,613 |

These balances represent the maximum exposure to credit risk.

39.2 Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Because of low levels of creditors and no long term liabilities the liquidity risk of the municipality is assessed as low.


39.3 Interest rate risk

As the municipality has no interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates. The municipality's assessment of interest rate risk is assessed as low.

40 COMPARISON WITH THE BUDGET

30 JUNE 2013


| | <u>Actual Expenditure</u> | <u>Budget</u> | <u>Unauthorised Expenditure</u> |
|---------------------------------|-------------------------------|---------------|-------------------------------------|
| Office of the Mayor and Council | 11,305,254 | 10,278,083 | 1,027,171 |
| Office of the Speaker | 12,400,836 | 11,610,026 | 790,810 |
| Office of the Municipal Manager | 9,729,347 | 11,060,318 | - |
| Budget and Treasury | 16,549,001 | 13,217,240 | 3,331,761 |
| Corporate Services | 17,183,142 | 13,863,882 | 3,319,260 |
| Planning and Development | 11,350,517 | 50,458,814 | - |

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| | | | |
|--------------------------|-------------------|-------------------|------------------|
| Community Services | 6,593,707 | 9,392,637 | - |
| Technical Services | 44,325 | - | 44,325 |
| Total Expenditure | 85,156,129 | 119,881,00 | 8,513,327 |

Please refer to Annexure D for additional information on the Municipality's actual financial performance with the budget.

| | Actual | Adjustments Budget | Variance Over/ (Underspent) | Variance | Explanation of significant variances greater than 10% versus budget |
|---------------------------------------|----------------------|-----------------------|-----------------------------|-------------|---|
| REVENUE | | | | | |
| Property Rates | 3,107,484.39 | 2,250,000.00 | 857,484 | 38% | |
| Rental of facilities and equipment | 786,971.91 | 950,000.00 | -163,028 | -17% | |
| Interest earned | 4,337,736.34 | 1,250,000.00 | 3,087,736 | 247% | |
| Government grants and subsidies | 89,104,298.21 | 103,231,000.00 | -14,126,702 | -14% | Grants were transferred in full |
| Other income | 838,387.35 | 12,200,000.00 | -11,361,613 | -93% | Surplusses from previous years were disclosed under other income hence increasing projection for uthur income |
| TOTAL REVENUE | 98,174,878.20 | 119,881,000.00 | -21,706,121.80 | -18% | |
| EXPENDITURE | | | | | |
| Employee related costs | 30,321,620.53 | 29,784,000.00 | -537,621 | -2% | The difference is not material |
| Remuneration of councillors | 8,414,401.00 | 7,948,000.00 | -466,401 | -6% | The difference is not material |
| Bad debts | 5,521,237.00 | 2,000,000.00 | -3,521,237 | -176% | |
| Depreciation and amortisation expense | 6,511,906.57 | 500,000.00 | -6,011,907 | -1202% | Budget was underestimated |

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| | | | | | |
|---|-------------------|-------------------|--------------------|-------------|--|
| Repairs and maintenance | 1,292,881.57 | 477,000.00 | -815,882 | -171% | The were circumstances that were not seen when compiling budget and the funding for this unauthorised was supposed to the VAT Returns from previous years which were only transferred on the 2013/2014 financial year. |
| Grants and subsidies paid | - | - | - | 100% | The municipality does not payout any grants. |
| Contracted services | 6,876,512.12 | 6,060,000.00 | -816,512 | -13% | The difference is not material |
| General Expenses | 26,195,781.16 | 24,322,839.00 | -1,872,942 | -8% | |
| TOTAL EXPENDITURE | 85,156,129 | 71,151,839 | -14,004,290 | -20% | |
| Gain / (loss) on sale of assets | -472,976.05 | - | - | 100% | |
| Profit / (loss) on fair value adjustment | 670,017.71 | - | - | 100% | |
| Inventories- (Write-down)/ reversal of write down to net realisable value | -74,216.00 | | | | |
| NET SURPLUS / (DEFICIT) FORTHE YEAR | 13,141,575 | 48,729,161 | -35,587,586 | -73% | |

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Ratlou Local Municipality
APPENDIX A
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT

as at 30 June 2013

| | Cost / Revaluation | | | | | | | Accumulated Depreciation | | | | Carrying Value |
|------------------------|--------------------|--------------------|----------------------------------|-----------|-----------------|--------------------|-----------------|--------------------------|--------------|-----------|-----------------|----------------|
| | Opening Balance | Additions | Under Construction (capitalised) | Disposals | Other Movements | Under Construction | Closing Balance | Opening Balance | Depreciation | Disposals | Closing Balance | |
| | Cost | Under Construction | | | | | | | | | | |
| | R | R | R | R | R | R | R | R | R | R | R | |
| Land | - | - | - | - | - | - | - | - | - | - | - | - |
| Landfill Sites | 831,615 | - | 184,140 | - | 29,224 | - | 1,044,979 | (32,078) | (40,629) | - | (72,707) | 972,272 |
| | 831,615 | - | 184,140 | - | 29,224 | - | 1,044,979 | (32,078) | (40,629) | - | (72,707) | 972,272 |
| Buildings | 18,955,683 | - | 1,773,695 | - | - | 143,000 | 20,872,378 | (3,104,098) | (660,480) | - | (3,764,578) | 17,107,890 |
| Infrastructure | - | - | - | - | - | - | - | - | - | - | - | - |
| Roads | 14,299,319 | 8,665,498 | - | - | - | 8,461,217 | 31,426,034 | (711,355) | (358,738) | - | (1,070,093) | 30,355,940 |
| Electricity | - | - | 683,429 | - | - | - | 683,429 | - | (7,302) | - | (7,302) | 676,127 |
| Water Tanks and Stands | 291,142 | - | - | - | - | - | 291,142 | (30,086) | (29,114) | - | (59,200) | 231,942 |
| | 14,590,461 | 8,665,498 | 683,429 | - | - | 8,461,217 | 32,400,605 | (741,441) | (395,155) | - | (1,136,596) | 31,264,009 |
| Community Assets | - | - | - | - | - | - | - | - | - | - | - | - |
| Libraries | 22,715,155 | - | - | - | - | 2,043,367 | 24,758,522 | (2,682,544) | (757,172) | - | (3,439,816) | 21,318,706 |
| Recreation | - | - | - | - | - | - | - | - | - | - | - | - |
| Grounds | 24,077,008 | 200,800 | - | - | - | 769,804 | 25,047,612 | (3,690,707) | (802,567) | - | (4,493,274) | 20,554,338 |
| Halls | 32,893,503 | 4,409,084 | 143,183 | - | - | 2,490,092 | 39,935,862 | (4,222,756) | (1,100,909) | - | (5,323,664) | 34,612,197 |
| Cemeteries | 2,774,182 | - | 404,483 | - | - | - | 3,178,665 | (28,585) | (101,449) | - | (130,034) | 3,048,631 |
| Community Buildings | 4,559,211 | - | 1,009,675 | - | - | 5,200,360 | 10,769,247 | (521,707) | (163,859) | - | (685,567) | 10,083,680 |
| | 87,019,059 | 4,609,884 | 1,557,341 | - | - | 10,503,623 | 103,689,908 | (11,146,399) | (2,925,856) | - | (14,072,355) | 89,617,553 |
| Total carried forward | 121,396,818 | 13,275,382 | 4,198,605 | - | 29,224 | 19,107,840 | 158,007,869 | (15,024,016) | (4,022,219) | - | (19,046,235) | 138,961,634 |

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Ratlou Local Municipality
APPENDIX A
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2013


| | Cost / Revaluation | | | | | | | Accumulated Depreciation | | | | Carrying Value |
|--|--------------------|--------------------|----------------------------------|-----------|-----------------|--------------------|-----------------|--------------------------|--------------|-----------|-----------------|----------------|
| | Opening Balance | Additions | Under Construction (capitalised) | Disposals | Other Movements | Under Construction | Closing Balance | Opening Balance | Depreciation | Disposals | Closing Balance | |
| | Cost | Under Construction | | | | | | | | | | |
| | R | R | R | R | R | R | R | R | R | R | R | R |
| Total brought forward | 121,396,818 | 13,275,382 | 4,198,605 | - | 29,224 | 19,107,840 | 158,007,869 | (15,024,016) | (4,022,219) | - | (19,046,235) | 138,961,634 |
| Heritage Assets | | | | | | | | | | | | |
| Historical Buildings | - | - | - | - | - | - | - | - | - | - | - | - |
| Other Assets | | | | | | | | | | | | |
| Office Equipment | 460,707 | 5,649 | - | - | - | - | 466,356 | (182,925) | (61,232) | - | (244,158) | 222,198 |
| Furniture & Fittings | 2,492,684 | 135,077 | - | (48,992) | - | - | 2,578,768 | (888,879) | (374,559) | 19,450 | (1,243,989) | 1,334,780 |
| Bins and Containers | 13,801 | - | - | - | - | - | 13,801 | (2,540) | (2,022) | - | (4,562) | 9,239 |
| Emergency Equipment | 58,278 | 2,635 | - | (2,562) | - | - | 58,351 | (20,620) | (9,846) | - | (28,416) | 29,935 |
| Machinery and Equipment | - | - | - | - | - | - | - | - | - | - | - | (0) |
| Motor Vehicles | 5,430,222 | 2,620,656 | - | (384,133) | - | - | 7,666,744 | (1,249,457) | (1,186,801) | 223,551 | (2,212,707) | 5,454,037 |
| Computer Equipment | 1,793,667 | 1,076,506 | - | (292,970) | - | - | 2,577,203 | (681,459) | (564,283) | 163,496 | (1,082,245) | 1,583,596 |
| Computer Software (part of computer equipment) | 574,909 | 848,843 | - | - | - | - | 1,423,752 | (200,129) | (91,467) | - | (291,596) | 1,106,356 |
| Other Assets | 962,068 | 202,696 | - | (85,641) | - | - | 1,079,124 | (135,194) | (179,041) | 35,377 | (278,858) | 629,682 |
| Refuse Removal - Donkey Carts | 143,420 | - | - | (131,417) | - | - | 12,003 | (14,595) | (20,437) | 32,108 | (2,924) | 9,079 |
| | 11,929,756 | 4,892,062 | - | (945,715) | - | - | 15,876,102 | (3,375,799) | (2,489,688) | 476,031 | (5,389,455) | 10,378,901 |
| GRAND TOTAL | 133,326,573 | 13,275,382 | 9,090,667 | - | (945,715) | 29,224 | 173,883,971 | (18,399,815) | (6,511,907) | 476,031 | (24,435,690) | 149,340,535 |

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| Ratlou Local Municipality | | | | | | | | | | | | | |
|--|--------------------|-----------|----------------------------------|-------------|-----------------|--------------------|-----------------|--------------------------|--------------|-------------|-----------------|----------------|-------------|
| APPENDIX A | | | | | | | | | | | | | |
| ANALYSIS OF PROPERTY PLANT AND EQUIPMENT | | | | | | | | | | | | | |
| as at 30 June 2012 | | | | | | | | | | | | | |
| Cost / Revaluation | | | | | | | | Accumulated Depreciation | | | | Carrying Value | |
| Opening Balance | | Additions | Under Construction (capitalised) | Disposals | Other Movements | Under Construction | Closing Balance | Opening Balance | Depreciation | Disposals | Closing Balance | | |
| Cost | Under Construction | | | | | | | | | | | | |
| R | | R | | R | R | R | R | R | R | R | R | | R |
| Land | | | | | | | | | | | | | |
| Land | - | - | - | - | - | - | - | - | - | - | - | - | |
| Landfill Sites | 801,951 | - | - | - | - | 29,663 | - | 831,615 | - | (32,078) | - | (32,078) | 799,537 |
| | 801,951 | - | - | - | - | 29,663 | - | 831,615 | - | (32,078) | - | (32,078) | 799,537 |
| Buildings | 18,756,158 | - | 199,525 | - | - | - | - | 18,955,683 | (2,473,119) | (630,979) | - | (3,104,098) | 15,851,584 |
| Infrastructure | | | | | | | | | | | | | |
| Roads | 13,897,740 | 2,567,508 | 401,579 | - | - | - | 6,097,990 | 22,964,817 | (358,977) | (352,378) | - | (711,355) | 22,253,462 |
| Water Tanks and Stands | 132,935 | - | 158,207 | - | - | - | - | 291,142 | (5,993) | (24,093) | - | (30,086) | 321,228 |
| | 14,030,675 | 2,567,508 | 559,786 | - | - | - | 6,097,990 | 23,255,958 | (364,969) | (376,472) | - | (741,441) | 22,514,517 |
| Community Assets | | | | | | | | | | | | | |
| Libraries | 19,594,027 | 2,423,223 | 3,121,128 | (2,423,223) | - | - | - | 22,715,155 | (2,018,482) | (664,162) | - | (2,682,644) | 20,032,511 |
| Recreation Grounds | 24,077,008 | - | - | - | - | - | 200,800 | 24,277,808 | (2,888,140) | (801,567) | - | (3,690,707) | 20,587,101 |
| Halls | 27,988,786 | 3,672,994 | 4,904,717 | (2,510,704) | - | - | 3,246,794 | 37,302,587 | (3,218,908) | (1,003,848) | - | (4,222,756) | 33,079,831 |
| Cemeteries | 160,000 | - | 2,614,182 | - | - | - | - | 2,774,182 | (21,333) | (7,252) | - | (28,585) | 2,745,597 |
| Community Buildings | 4,559,211 | - | - | - | - | - | - | 4,559,211 | (360,400) | (161,307) | - | (521,707) | 4,037,504 |
| | 76,379,832 | 6,096,217 | 10,640,027 | (4,933,927) | - | - | 3,447,594 | 91,628,943 | (8,507,264) | (2,639,136) | - | (11,146,399) | 80,482,544 |
| Total carried forward | 109,967,816 | 8,663,725 | 11,399,338 | (4,933,927) | - | 29,663 | 9,545,584 | 134,672,199 | (11,345,352) | (3,678,665) | - | (15,024,016) | 119,648,182 |

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| Ratlou Local Municipality | | | | | | | | | | | | | |
|--|--------------------|-----------|----------------------------------|-------------|-----------------|--------------------|-----------------|--------------------------|--------------|-------------|-----------------|----------------|-------------|
| APPENDIX A | | | | | | | | | | | | | |
| ANALYSIS OF PROPERTY PLANT AND EQUIPMENT | | | | | | | | | | | | | |
| as at 30 June 2012 | | | | | | | | | | | | | |
| Cost / Revaluation | | | | | | | | Accumulated Depreciation | | | | Carrying Value | |
| Opening Balance | | Additions | Under Construction (capitalised) | Disposals | Other Movements | Under Construction | Closing Balance | Opening Balance | Depreciation | Disposals | Closing Balance | | |
| Cost | Under Construction | | | | | | | | | | | | |
| R | | R | | R | R | R | R | R | R | R | R | | R |
| Total brought forward | 109,967,816 | 8,663,725 | 11,399,338 | (4,933,927) | - | 29,663 | 9,545,584 | 134,672,199 | (11,345,352) | (3,678,665) | - | (15,024,016) | 119,648,183 |
| Heritage Assets | | | | | | | | | | | | | |
| Historical Buildings | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other Assets | | | | | | | | | | | | | |
| Office Equipment | 580,322 | - | 18,100 | - | (137,715) | - | - | 460,707 | (158,249) | (88,504) | 63,827 | (182,925) | 277,782 |
| Furniture & Fittings | 2,068,937 | - | 736,070 | - | (312,323) | - | - | 2,492,684 | (612,285) | (346,787) | 70,192 | (888,879) | 1,603,804 |
| Bins and Containers | 14,270 | - | - | - | (469) | - | - | 13,801 | (1,099) | (1,590) | 149 | (2,540) | 11,261 |
| Emergency Equipment | 68,293 | - | - | - | (10,015) | - | - | 58,278 | (11,652) | (12,228) | 3,260 | (20,620) | 37,658 |
| Machinery and Equipment | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Motor vehicles | 4,305,155 | - | 2,514,000 | - | (1,388,933) | - | - | 5,430,222 | (859,843) | (920,108) | 530,494 | (1,249,457) | 4,180,765 |
| Computer Equipment | 1,661,371 | - | 568,256 | - | (435,960) | - | - | 1,793,667 | (484,588) | (420,748) | 223,877 | (681,459) | 1,112,208 |
| Computer Software (part of computer equipment) | 488,689 | - | 86,220 | - | - | - | - | 574,909 | (56,897) | (143,232) | - | (200,129) | 374,780 |
| Other Assets | 1,043,267 | - | 91,605 | - | (172,804) | - | - | 962,068 | (135,194) | (191,282) | 52,902 | (273,574) | 688,494 |
| Refuse Removal - Donkey Carts | - | - | 143,420 | - | - | - | - | 143,420 | - | (14,595) | - | (14,595) | 128,825 |
| | 10,230,303 | - | 4,157,671 | - | (2,458,218) | - | - | 11,929,756 | (2,319,807) | (2,139,072) | 944,702 | (3,514,178) | 8,415,578 |
| GRAND TOTAL | 120,198,119 | 8,663,725 | 15,557,009 | (4,933,927) | (2,458,218) | 29,663 | 9,545,584 | 146,601,955 | (13,665,159) | (5,817,737) | 944,702 | (18,538,194) | 128,063,760 |

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Ratlou Local Municipality
APPENDIX B
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT
as at 30 June 2013

| | Cost / Revaluation | | | | | | | Accumulated Depreciation | | | | Carrying value |
|------------------------------------|--------------------|--------------------|------------------------|--------|-----------|-----------------------|-----------------|--------------------------|--------------|-----------|--------------------|----------------|
| | Opening Balance | WIP Capitalised | Other Movement s | | Disposals | Under Construction | Closing Balance | Opening Balance | Depreciation | Disposals | Closing Balance | |
| | | | Additions | | | | | | | | | |
| | R | | R | R | R | R | R | R | R | R | R | R |
| Office of the Mayor | 622,075 | - | 140,077 | - | (31,188) | - | 730,964 | (208,970) | (111,107) | 15,950 | (304,127) | 426,837 |
| Office of the Speaker | 383,192 | - | - | - | (39,510) | - | 343,683 | (75,204) | (85,332) | 22,642 | (137,894) | 205,789 |
| Office of the Municipal Manager | 920,900 | - | 1,822,862 | - | (91,312) | - | 2,652,450 | (272,087) | (409,992) | 43,796 | (638,284) | 2,014,167 |
| Budget and Treasury | 696,581 | - | 71,390 | - | (36,134) | - | 731,837 | (287,970) | (88,378) | 26,219 | (350,129) | 381,708 |
| Corporate Services | 6,993,975 | - | 162,564 | - | (671,814) | - | 6,484,724 | (1,860,768) | (1,297,689) | 367,180 | (2,791,277) | 3,693,447 |
| Community Services | 1,235,681 | - | 970,583 | - | (13,048) | - | 2,193,216 | (530,582) | (260,587) | 2,745 | (788,424) | 1,404,792 |
| Planning and development | 135,734,551 | - | 2,468,527 | 29,224 | (62,761) | 9,830,324 | 147,999,865 | (15,298,553) | (4,189,709) | 30,493 | (19,457,769) | 128,542,096 |
| Technical Services | 15,000 | - | 3,454,665 | - | - | 9,277,516 | 12,747,181 | 134,320 | (69,113) | (32,994) | 32,213 | 12,779,394 |
| Total | 146,601,955 | - | 9,090,667 | 29,224 | (945,715) | 19,107,840 | 173,883,971 | (18,399,815) | (6,511,907) | 476,031 | (24,435,690) | 149,448,281 |

Ratlou Local Municipality
APPENDIX C
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 30 June 2013

| 2012 | 2012 | 2012 | 2012 | 2013 | 2013 | 2013 | 2013 |
|-------------------|--------------------|------------------|---------------------|-------------------|--------------------|----------------|---------------------|
| Actual Income | Actual Expenditure | Other | Surplus / (Deficit) | Actual Income | Actual Expenditure | Other | Surplus / (Deficit) |
| R | R | R | R | R | R | R | R |
| 295,000 | 9,679,106 | - | (9,384,106) | 1,053,000 | 11,305,254 | - | (10,252,254) |
| - | 11,513,418 | - | (11,513,418) | - | 12,400,836 | - | (12,400,836) |
| - | 10,425,933 | - | (10,425,933) | - | 9,729,347 | - | (9,729,347) |
| 67,011,733 | 10,638,682 | 1,633,359 | 58,006,410 | 78,760,025 | 16,549,001 | 122,825 | 62,333,850 |
| 150,964 | 18,666,496 | - | (18,515,532) | 143,378 | 17,183,142 | - | (17,039,764) |
| 15,003,962 | 9,629,062 | - | 5,374,900 | 17,446,919 | 11,350,517 | - | 6,096,402 |
| 756,726 | 7,183,899 | - | (6,427,173) | 771,556 | 6,593,707 | - | (5,822,150) |
| - | - | - | - | - | 44,325 | - | (44,325) |
| 83,218,385 | 77,736,596 | 1,633,359 | 7,115,150 | 98,174,878 | 85,156,129 | 122,825 | 13,141,575 |

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CHAPTER 8 REMEDIAL ACTIONS TO ADDRESS AUDIT ACTION PLAN


| FINDING | DETAILS OF KEY ISSUE | REMEDIAL ACTION | RESPONSIBLE OFFICIAL | IMPLEMENTATION PERIOD |
|-----------------------------|---|--|----------------------|-----------------------|
| 1. Unauthorised expenditure | <ul style="list-style-type: none"> Section 125(2)(d)(i) of the MFMA requires disclosure of all material unauthorised expenditure. Unauthorised expenditure of R1 782 355 incurred during the year due to overspending on votes have not been included in the unauthorised expenditure disclosed in note 30.3 to the financial statements. Furthermore, unauthorised expenditure of R11 486 015 incurred in the current year was incorrectly disclosed as "condoned" without following the process prescribed by section 32 of the MFMA. | <ul style="list-style-type: none"> Implementation of procurement policy System is set-up to reject the requisitions on if there is no available funds | DD: Budget & CFO | 01 February 2014 |
| 2. Irregular Expenditure | <ul style="list-style-type: none"> Section 125(2)(d)(i) of the MFMA requires disclosure of all material irregular expenditure. Contrary to this requirement, payments made in contravention of the supply chain management | <ul style="list-style-type: none"> Implementation of fruitless and wasteful expenditure, irregular and unauthorised expenditure register as prescribed in Circular 68 | | 28 February 2014 |

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| | | | |
|--|---|---|-----------------|
| | <p>regulations were not disclosed as irregular expenditure</p> <ul style="list-style-type: none"> Furthermore, irregular expenditure of R34 128 512 incurred in the current year, was incorrectly disclosed as "condoned" without following the process prescribed by section 32 of the MFMA | <ul style="list-style-type: none"> Council / MPAC will ensure that properly processes/procedures are followed before irregular expenditure is written off in compliance to S32 of MFMA and Circular 68 | 30 April 2014 |
| 3. Material underspending of conditional grants | <ul style="list-style-type: none"> As disclosed in notes 17.4 and 17.9 to the financial statements, the municipality has materially underspent the Municipal Infrastructure Grant by R7 545 120 and the Ngaka Modira Molema District Municipality Grant by R2 712 757. As a consequence, the municipality has not achieved its objectives with regards to the purposes of the grants | <ul style="list-style-type: none"> Procurement plan in place to ensure that all conditional are spend accordingly | 30 June 2014 |
| 4. AOPI: no consistency of objectives, indicators and targets between planning and reporting documents | <ul style="list-style-type: none"> The Municipal Systems Act 32 of 2000 (MSA), section 41(c) for municipalities requires that the integrated development plan should form the basis for the annual report, | <ul style="list-style-type: none"> The 2013/2014 Top Layer and Technical SDBIP will be revised in terms of Section 54 (1) (c) of the MFMA to ensure that the planned target on the SDBIP are consistent with the 2013/2014 IDP | 31 January 2014 |

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| | | | | |
|---|--|---|--|-----------------|
| | therefore requiring consistency of objectives, indicators and targets between planning and reporting documents. A total of 23% of the reported targets are not consistent with the targets as per the approved integrated development plan. This is due to the fact that management was aware of the requirements of MSA section 41(c) but did not receive the necessary training to enable application of the principles. | | | |
| 5. AOPI: Non-compliance to the requirements of the FMPPI- performance targets are not be measurable | <ul style="list-style-type: none"> The FMPPI requires that performance targets be measurable. The required performance could not be measured for a total of 44% of the targets. This was due to the fact that management was aware of the requirements of the FMPPI but did not receive the necessary training to enable application of the principles The FMPPI requires that indicators should have clear unambiguous data | <ul style="list-style-type: none"> The Top Layer and Technical SDBIP will be revised in terms of Section 54 (1) (c) of the MFMA to comply with the guidelines for Framework for Managing Programme Performance Information | DD: IDP, Director Planning & Development | 31 January 2014 |

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| | | | | |
|---|--|---|-------------------------------|------------------|
| | <p>definitions so that data is collected consistently and is easy to understand and use. A total of 52% of the indicators were not well defined in that clear, unambiguous data definitions were not available to allow for data to be collected consistently. This was due to the fact that management was aware of the requirements of the FMPI but did not receive the necessary training to enable application of the principles</p> | | | |
| <p>6. <u>Non Compliance with laws and regulations:</u> performance of contracted service providers not reviewed on monthly basis section 46 (1)(a) of the MSA</p> | <ul style="list-style-type: none"> The annual performance report for the year under review did not include the performance of each external service provider, as required by section 46 (1)(a) of the MSA | <ul style="list-style-type: none"> Management has developed a compliance checklist as a mechanism to ensure that performance of all external service providers is measured monthly | DD: PMU & Director: Technical | 28 February 2014 |
| <p>7. <u>Non Compliance with laws and regulations:</u> section 62(1)(c)(i) of the MFMA</p> | <ul style="list-style-type: none"> The municipality did not have and maintain effective, efficient and | <ul style="list-style-type: none"> Performance report will be compiled on monthly basis Then reviewed on | DD: Performance & MM | 28 February 2014 |

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| | | | | |
|---|--|--|----------------------|------------------|
| | transparent systems of internal controls regarding performance management as required by section 62(1)(c)(f) of the MFMA | <ul style="list-style-type: none"> quarterly with POE Then it will be followed by assessments | | |
| 8. <u>Non Compliance with laws and regulations</u> section 41 (1)(d) of the MSA :Nosteps provided to address target not met | <ul style="list-style-type: none"> The performance management system of the municipality did not provide for taking steps to improve performance with regard to those development priorities and objectives where performance targets are not met, as required by section 41 (1)(d) of the MSA. | <ul style="list-style-type: none"> All target not achieved to be revised during each departmental monthly meetings | DD: Performance & MM | 28 February 2014 |
| 9. Budget- Expenditure was incurred in excess of the approved budget | <ul style="list-style-type: none"> Expenditure was incurred in excess of the limits of the amounts provided for in the votes of the approved budget, in contravention of section 15 of the MFMA. | <ul style="list-style-type: none"> Implementation of virement policy System is set-up to reject the requisitions on if there is no available funds | DD: Budget & CFO | 01 February 2014 |
| 10. Not free from Errors :Financial statements and annual performance report | <ul style="list-style-type: none"> The financial statements submitted for audit were not in all material respects prepared in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of prepayments, related parties, trade and | <ul style="list-style-type: none"> Quarterly AFS & performance reports will be submitted to AG for review. All identified prior year errors will be corrected in AFS AFS & annual performance report submitted for audit purposes will be reviewed by | CFO & MM | 30 April 2014 |

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| | | | | |
|--|--|--|-------------------------|--------------|
| | <p>other receivables, trade and other payables, property plant and equipment, VAT, Revenue, unspent conditional grants and provisions identified by the auditors</p> <ul style="list-style-type: none"> • Management's internal controls and processes over the preparation and presentation of financial statements were not able to ensure that the financials were free from material misstatements. • Management failed to design and implement formal controls to review and monitor performance management and compliance with applicable laws and regulations | <p>management and audit committee to ensure accuracy and completeness of the information recorded and disclosed in the AFS</p> | | |
| <p>11. The audit committee did not assess the effectiveness of the internal audit function & no assessment of internal audit committee</p> | <ul style="list-style-type: none"> • The audit committee did not assess the effectiveness of the internal audit function, including compliance with the Institute of Internal Auditors' Standards for the professional practice of internal audit as per paragraph 12 of the audit committee | <ul style="list-style-type: none"> • Audit Committee will perform the review of the effectiveness of internal audit function including compliance with the IAS for professional; practice of internal audit to enable an assessment of the effectiveness of internal control over financial and | DD: Internal Audit & MM | 30 June 2014 |

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| | | | | |
|--|---|---|------------------------------------|------------------|
| | charter. | <p>performance reporting.</p> <ul style="list-style-type: none"> Audit Committee will assess the effectiveness of the Internal Audit function, adequate follow up of audits should be performed for all audits, to ensure that the corrective actions recommended are monitored and progress of implementation adequately communicated to those charged with governance. Audit Committee shall extend invitations to the Auditors General's office to meet with them privately to discuss any matters that the audit committee believes should be discussed privately | | |
| 12. Expenditure management - section 62(1)(d) of the MFMA. | <ul style="list-style-type: none"> The accounting officer did not take effective steps to prevent unauthorised, irregular and fruitless and wasteful expenditure, as required by section 62(1)(d) of the MFMA. | <ul style="list-style-type: none"> Management will develop a compliance checklist as a mechanism to ensure that all compliance requirements are dealt with in order to ensure compliance thereof | DD: Demand & Acquisition, CFO & MM | |
| 13. Payment not made | <ul style="list-style-type: none"> Money owed by the | <ul style="list-style-type: none"> Management will | DD: Demand & | 28 February 2014 |

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| within 30 days of receipt date | municipality was not always paid within 30 days or an agreed period, as required by section 65(2)(e) of the MFMA. | develop a compliance checklist as a mechanism to ensure that all compliance requirements are dealt with in order to ensure compliance thereof | Acquisition, DD: Expenditure & CFO | |
|---|--|---|------------------------------------|------------------|
| 14. Unspent Conditional grants not surrendered to National Revenue Fund | <ul style="list-style-type: none"> Unspent conditional grants were not surrendered to the National Revenue Fund as required by section 21 of the DORA. | <ul style="list-style-type: none"> Comply with application for rollover processes | ALL Directors & MM | 31 August 2014 |
| 15. Procurement and contract management | <ul style="list-style-type: none"> Contracts and quotations were awarded to bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by supply chain management regulation 13(c). | <ul style="list-style-type: none"> Management will develop a compliance checklist as a mechanism to ensure that all compliance requirements are dealt with in order to ensure compliance thereof MBD 4 Forms will be always part of the bidding documents and be included as part of checklist during evaluation processes PT system will be utilised to identify persons in the service of the state prior to award | DD: Demand & Acquisition, CFO & MM | 28 February 2014 |
| 16. Insufficient quotations for expenses <200 000 | <ul style="list-style-type: none"> Goods and services with a transaction value of below R200 000 were procured | Management will develop a compliance checklist as a mechanism to ensure that all compliance requirements are | DD: Demand & Acquisition, CFO & MM | |

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| | without obtaining the required price quotations as required by supply chain management regulation 17(a) & (c). | dealt with in order to ensure compliance thereof | | |
|--|--|---|------------------------------------|------------------|
| 17. No Evidence for valuation of awards above R30,000 | <ul style="list-style-type: none"> Evaluation of awards above R30 000 in terms of requirements of Preferential Procurement Regulations, 2011 (PPR) regulation 4(3) and 5 was not always done. | <ul style="list-style-type: none"> Management will develop a compliance checklist as a mechanism to ensure that all compliance requirements are dealt with in order to ensure compliance thereof | DD: Demand & Acquisition, CFO & MM | 28 February 2014 |
| 18. Appointed service providers who are persons in service of other state institutions or whose directors/ principal shareholders are persons in service of other state institutions | <ul style="list-style-type: none"> Awards were made to providers who are persons in service of other state institutions or whose directors/ principal shareholders are persons in service of other state institutions, in contravention of supply chain management regulation 44. | <ul style="list-style-type: none"> Management will develop a compliance checklist as a mechanism to ensure that all compliance requirements are dealt with in order to ensure compliance thereof MBD 4 Forms will be always part of the bidding documents and be included as part of checklist during evaluation processes PT system will be utilised to identify persons in the service of the state prior to award | DD: Demand & Acquisition, CFO & MM | 31 March 2014 |
| 19. Non disclosure of related parties | <ul style="list-style-type: none"> Awards were made to providers whose directors/ principal shareholders are | <ul style="list-style-type: none"> Management will develop a compliance checklist as a mechanism to | DD: Demand & Acquisition, CFO & MM | 31 March 2014 |

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| | | | | |
|---|--|---|--------------------|------------------|
| | close family member of the persons in the service of the municipality, in contravention of supply chain management regulation 44. | <ul style="list-style-type: none"> ensure that all compliance requirements are dealt with in order to ensure compliance thereof terms of MSCM regulation 45 Officials/ Councillors to declare the interest for related parties during meetings Implementation of related parties register PT system will be utilised to identify related prior to award | | |
| 20. Employees of the department performed remunerative work outside their employment in the department without written permission | <ul style="list-style-type: none"> Employees of the department performed remunerative work outside their employment in the department without written permission from the relevant authority as required by section 30 of the Public Service Act | <ul style="list-style-type: none"> Management will develop a compliance checklist as a mechanism to ensure that all compliance requirements are dealt with in order to ensure compliance thereof Officials to inform MM the work outside their employment in monthly meeting | ALL Directors & MM | 28 February 2014 |
| 21. Use of consultants not assessed | <ul style="list-style-type: none"> Management did not regularly analyse the cost effectiveness of creating a permanent capacity or training existing own staff versus using a consultancy, while ensuring continuity and service delivery as required by Practice Note 3 of | <ul style="list-style-type: none"> Management will assess the cost effectiveness of creating a permanent capacity or training existing own staff versus using a consultancy Management will look at provision of formal handing from | ALL Directors & MM | 31 January 2014 |

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| | | | | |
|---|--|---|---|------------------|
| | 2003 paragraph 1.5. | consultant • Management will creating a permanent capacity and provide training BTO officials | | |
| 22. Non Compliance to CIDB Grading | <ul style="list-style-type: none"> Construction contracts were awarded to contractors does not have suitable grading for the construction contracts awarded to them, in accordance with Construction Industry Development Board (CIDB) regulation 21. | <ul style="list-style-type: none"> Management will develop a compliance checklist as a mechanism to ensure that all compliance requirements are dealt with in order to ensure compliance thereof | DD: Demand & Acquisition, Director: Technical, CFO & MM | 28 February 2014 |
| 23. Awards not advertised in CIDB website | <ul style="list-style-type: none"> Construction projects were not always advertised on the CIDB website, as required by CIDB regulation 24. | <ul style="list-style-type: none"> Management will develop a compliance checklist as a mechanism to ensure that all compliance requirements are dealt with in order to ensure compliance thereof | DD: Demand & Acquisition, Director: Technical, CFO & MM | 28 February 2014 |
| 24. Bid not advertised for 30 days | <ul style="list-style-type: none"> Competitive bidding was advertised less than 30 days in contravention with supply chain management regulation section 22. | <ul style="list-style-type: none"> Management will develop a compliance checklist as a mechanism to ensure that all compliance requirements are dealt with in order to ensure compliance thereof | DD: Demand & Acquisition, Director: Technical, CFO & MM | 28 February 2014 |
| 25. Bid specifications were not always done for each instance of procurement of goods | <ul style="list-style-type: none"> Bid specifications were not always done for each instance of procurement of | <ul style="list-style-type: none"> Management will develop a compliance checklist as a mechanism to | Chairperson: Bid Specification Committee, DD: Demand & | 28 February 2014 |

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| or services | goods or services by the municipality as required supply chain management regulation 27. | ensure that all compliance requirements are dealt with in order to ensure compliance thereof | Acquisition, CFO & MM | |
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| 26. Investigation not done to recover from liable person for irregular/fruitless and wasteful expenditure | <ul style="list-style-type: none"> Irregular and fruitless and wasteful expenditure incurred by the municipality was not investigated to recover from the person liable, in accordance with the requirements of section 32(2) of the MFMA. | <ul style="list-style-type: none"> Management will implement internal controls to identify, record, report and investigate fruitless and wasteful expenditure, irregular and unauthorised expenditure. Once irregular or unauthorised or fruitless and wasteful expenditure have been identified, management/ MPAC will take reasonable steps to investigate with the aim to recover or institute disciplinary measures. | DD: Demand & Acquisition, CFO & MM & MPAC | April 2014 |
| 27. Condoned of irregular Expenditure was not approved by appropriate authority | <ul style="list-style-type: none"> The condoning of irregular expenditure was not approved by the appropriate authority, in accordance with the requirements of sections 1 and 170 of the MFMA. | <ul style="list-style-type: none"> Council / MPAC will ensure that properly processes/procedure s are followed before irregular expenditure is written off in compliance to S32 of MFMA and Circular 68 | DD: Demand & Acquisition, CFO & MM | April 2014 |
| 28. Council condoned without conducting investigation | <ul style="list-style-type: none"> Council certified the unauthorised, irregular and fruitless and wasteful expenditure as | <ul style="list-style-type: none"> MPAC will investigate unauthorised, irregular and fruitless and wasteful expenditure investigation to determine the recoverability | DD: Demand & Acquisition, CFO & MM & MPAC | 31 August 2013 |

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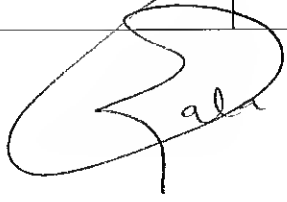
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| | irrecoverable without conducting an investigation by council committee to determine the recoverability of the expenditure, as required by section 32(2) of the MFMA | of the expenditure, as required by section 32(2) of the MFMA | | |
| 29. Non Compliance - Permits and operations of Waste Landfill Sites) | <ul style="list-style-type: none"> The municipality operated its waste disposal sites(s) and wastewater treatment facilities without a license or permit in contravention of section 20(b) of the National Environmental Management Waste Act, 2008 (Act No. 59 of 2008) (NEMWA), section 24(2)(a) of the National Environmental Management Act, 1998 (Act No. 107 of 1998) (NEMA), section 20(1) of the Environmental Conservation Act, 1989 (Act No. 73 of 1989) (ECA) and section 22(1)(b) of the National Water Act, 1998 (Act No. 36 of 1998) (NWA). The municipality's operational activities at its waste disposal sites(s) and wastewater treatment facilities contravened | <ul style="list-style-type: none"> The service provider has been appointed since 2012 to ensure that we obtain the necessary licenses and permits as well as identify alternative sites for waste management. The Service Provider has been granted an extension of 5 months to finalise the whole process | DD: Community Service | 30 June 2014 |
| 30. Non Compliance to Sewer Disposal | <ul style="list-style-type: none"> The municipality's operational activities at its waste disposal sites(s) and wastewater treatment facilities contravened | <ul style="list-style-type: none"> Management has advertised this "honey sucking" work and it will make an addendum for authorisation as part | DD: Community Services | 30 June 2014 |

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| | or failed to comply with the requirements of a waste management permit or license and the regulatory provisions in terms of section 67(1)(g)&(h) of the NEMWA and section 29(4) of the ECA in instances where such were issued. | | | |
| 31. Non Compliance- Control weaknesses over environmental issues that may impact the environment and annual financial statement | <ul style="list-style-type: none"> • (Management will develop a policy or Integrated Waste Management Plan to address and monitor all general- and control weaknesses relating to activities that may impact on the environment and AFS.) • The budget should be adequately funded to address the environmental resource constraints and priorities listed in the IDP, SDBIP and other environmental related plans at provincial-, district-, and local authority level • The municipality's waste management and disposal activities contravened or failed to comply with the requirements of section 28(1) of the NEMA, section 19 of | The power and function straddles between the district municipality and the local municipality with the latter playing facilitation role and the former appointing environmental health officers. Management will ensure localised compliances as per AG's recommendation and engage the district on other issues for improved services. Budget will be allocated incrementally alongside other priorities. | DD: Community Service | 30 June 2014 |

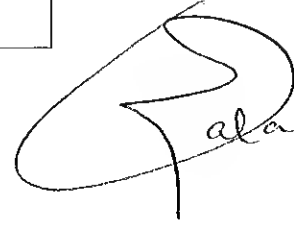
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|---|--|--|--|---------------|
| | the NWA and sections 16(1)(c)&(d) and 26(1)(b) of the NEMWA. | | | |
| 32. financial and performance activities and action plans not reviewed | <ul style="list-style-type: none"> The leadership did not sufficiently exercise oversight over financial and performance reporting, monitoring of compliance with laws and regulations and related internal controls whilst policies and procedures did not adequately guide financial and performance activities and action plans to address prior year audit findings. Furthermore, policies and procedures are not adequately communicated, to ensure that all officials understand the operations of the municipality and can implement the procedures as required. | <ul style="list-style-type: none"> The performance audit form part of the annual internal audit plan (To be conducted bi-annually). The internal audit plan includes and requires management to provide the function with AFS on the 2nd week of the month following financial year end (2nd week of July 2014). | DD: Internal Audit & MM | 31 March 2014 |
| 33. No proper record keeping implemented to ensure that documentation is accessible and available | <ul style="list-style-type: none"> The accounting officer did not implement proper record keeping in a timely manner to ensure that documentation is accessible and available to support financial reporting | <ul style="list-style-type: none"> File plan will be developed and monitored to correct the filing processes. Training on records management will be provided to all employees. | DD: Records Management & Director: Corporate | 31 March 2014 |



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| | and performance management | | | |
|--|---|--|-------------------------|---------------|
| 34. compliance with laws and regulations were not adequately addressed in the risk management strategy | <ul style="list-style-type: none"> The risks identified during the risk assessment process relating to financial and performance reporting and compliance with laws and regulations were not adequately addressed in the risk management strategy adopted by the municipality. The audit committee did not adequately provide oversight over the effectiveness of the internal control environment, including financial and performance reporting and compliance with laws and regulation. | <ul style="list-style-type: none"> A revised strategy will be ensure inclusion A risk office will be established internally The IAF will evaluate the risk plan to ensure adequate coverage | DD :Internal Audit & MM | 30 March 2014 |

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CHAPTER9: LOCAL ECONOMIC DEVELOPMENT

9.1. Introduction

Local Economic Development is about efforts undertaken by local people using mainly local resources, skills and ideas to stimulate economic growth and development.


They do so in order to create jobs, alleviate poverty and to redistribute resources and opportunities among local people.

As indicated on the section Municipal Context section, agriculture, forestry and fishing has declined overtime in Ratlou Local Municipality. This is also despite a number of pending land restitution cases that have been finalized.

Agriculture is the lead and the most important economic sector in the municipality and is divided into the formal and organized group of mostly white commercial farmers and the black subsistence farmers who either belong to the North West Agricultural Union or do not belong to any organized structure at all. Crop farming is largely maize, sunflower and peanut while live stock is cattle, goats and sheep.

Construction remains somewhat steady with a slight improvement, whilst mining/quarrying has gone down because of the formalization of the mining activities over time. It is still to be determined how much labour force is absorbed by the mine.

The unemployment figures are not readily verifiable because it basically means that a larger population of economically active community is not properly traced and interacted with.

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| Objective | Performance Indicator | Baseline | Annual Target | Actual Performance | Reasons for variance (under / over performance) | Corrective measures |
|------------------------------------|---|-------------------|------------------------------|--|---|---|
| Promote Local Economic Development | Number of Jobs created through LED and capital projects | 704 | 200 | 3046 jobs created through LED projects | The initial target did not take into consideration the number of jobs created through CWP and EPWP as it was only based on LED & Capital Projects | Job targets for 2013/2014 will take into consideration all sectors |
| Promote Local Economic Development | Budget (R) Public Private Partnership established to upgrade Setlagole Complex | Setlagole Complex | R3 000 000 June 2013 | Public private partnership was established to upgrade setlagole complex | N/A | N/A |
| Promote Local Economic Development | Budget (R) Projects Monitoring and Evaluation System Developed | New | R7 000 000 October 2012 | The project monitoring and evaluation system was developed | N/A | N/A |
| Promote Local Economic Development | Budget (R) Cooperatives database developed | New | Operational December 2012 | The cooperative database was developed | N/A | N/A |
| Promote Local Economic Development | Number of support initiatives to Communal Property Associations | New | 2 | 1 support initiatives to communal property associations (2 CPA members attended Agricultural Show Nampo at Bothaville) | Delay in procurement process | Submission made to HR to develop Terms of Reference which will be achieved in the next financial year |
| Promote Local Economic Development | Budget (R) Number of support initiatives for SMMEs/Cooperatives | 13 cooperatives | R0 20 | 20 support initiatives were provided to SMMEs | N/A | N/A |
| Promote Local Economic Development | Budget (R) Number of training programmes provided to SMMEs (Empowerment) | New | R380 000 4 | 4 training programmes provided to SMMEs | N/A | N/A |
| Promote Local Economic Development | Budget (R) Number of Implementation Reports on CWP | 2 | R100 000 4 | 4 implementation reports were compiled on CWP | N/A | N/A |
| Promote Local Economic Development | Budget (R) | | Operational | | | |

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9.2. Performance Highlights of Local Economic and Social Development

| Objective | Performance Indicator | Baseline | Annual Target | Actual Performance | Reasons for variance (under / over performance) | Corrective measures |
|------------------------------------|--|-------------------------|-------------------------------|--|---|---------------------|
| Promote Local Economic Development | Number of reports on the implementation of the Social and Labour Plans Budget (R) | New | 4 | 4 reports on implementation of social and labour plans were compiled | N/A | N/A |
| Promote Local Economic Development | Application sent to Job Fund Budget (R) | 1 application submitted | Operational January 2013 | Applications has been made for submission to NLDTF on Tourism & Heritage for funding | No qualifying projects & budget constraint to participate on the Jobs Fund Scheme | N/A |
| Promote Local Economic Development | LED Strategy Developed Budget (R) | Draft | Operational September 2012 | The LED strategy was developed | N/A | N/A |

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9.2. Performance Highlights of Spatial Rationale

| Objective | Performance Indicator | Baseline | Annual Target | Actual Performance | Reasons for variance (under / over performance) | Corrective measures |
|--------------------------|---|----------|--|--|--|--|
| Improve Spatial Planning | Land use Management System terms of reference developed | New | Developed Terms of Reference | 50% Land use Management Scheme developed. Submitted business Plan for Funding | Draft Business Plan Developed; however terms of reference could not be finalised pending information on RDP settlement formalisation | To follow up in the next financial year |
| Improve Spatial Planning | Budget (R) Setlagole Settlement formalisation | SDF | Operational June 2013 | Terms of reference have been developed; however appointment and feasibility studies are not done | Delay in procurement processes due to lack of funding | To follow up on the budget allocation of the projects in the next financial year |
| Improve Spatial Planning | Budget (R) Madibogo Settlement formalisation | SDF | R1 400 000 June 2013 | Terms of reference have been developed; however appointment and feasibility studies are not done | Delay in procurement processes due to lack of funding | To follow up on the budget allocation of the projects in the next financial year |
| Improve Spatial Planning | Budget (R) Makgobistad Settlement formalisation | SDF | R1 100 000 June 2013 | Terms of reference have been developed; however appointment and feasibility studies are not done | Delay in procurement processes due to lack of funding | To follow up on the budget allocation of the projects in the next financial year |
| Improve Spatial Planning | Budget (R) Setlagole Precinct Business Plan Developed | SDF | R1 100 000 June 2013 | Setlagole precinct business plan was developed | N/A | N/A |
| Improve Spatial Planning | Budget (R) Area Plans developed | SDF | Operational Developed Terms of Reference | The terms of reference for area plans were developed | N/A | N/A |
| Improve Spatial Planning | Budget (R) Number of by-laws promulgated | SDF | 3 | By-laws were drafted; submitted for public participation; however they were not yet proclaimed | Council adopted the By-laws but they were not promulgated due lack of funds | To be proclaimed in August 2013 |
| | Budget (R) | | R0 | | | |

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